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ABSTRACT

Private higher education in North Carolina and all over the nation is experiencing increasing financial difficulty. Educational costs are rising more rapidly than the national economy because the greatest expenditures of educational institutions are for items with steeper-than-average price rises. Because of these financial straits, institutions have been forced to raise tuition and fees beyond the means of most North Carolina families; therefore, underenrollment is increasing the money troubles on private campuses. This report presents the broad scope of this situation, recommendations to the presidents of private institutions in North Carolina, and recommendations to the Governor and the General Assembly. (Author/HS)

PRIVATE HIGHER EDUCATION IN NORTH CAROLINA: CONDITIONS AND PROSPECTS

A Study of Enrollment, Finances, and Related Subjects, 1965-1970

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SPECIAL REPORT 2-71 (APRIL 1971)
NORTH CAROLINA BOARD OF HIGHER EDUCATION
RALEIGH, NORTH CAROLINA

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PRIVATE HIGHER EDUCATION IN NORTH CAROLINA: CONDITIONS AND PROSPECTS

A Study of Enrollment, Finances, and Related Subjects, 1965-1970

APRIL 1971
NORTH CAROLINA BOARD OF HIGHER EDUCATION

SUMMARY HIGHLIGHTS

Private higher education in North Carolina and all over the nation has entered worsening financial difficulty. Educational costs are rising more rapidly than the national economy, because the greatest expenditures of educational institutions are for items with steeper-than-average price rises: professional services, books and periodicals, rapidly obsolescent laboratory equipment, and erecting or renovating and maintaining facilities. Private institutions have had to raise tuition and fees beyond the means of most North Carolina families; therefore, underenrollment is increasing the money troubles on the private campuses.

The in-state students matriculating at private institutions in North Carolina are decreasing; while out-of-state students attending them are momentarily stabilized in number, indications are that they will decrease.

The private institutions in North Carolina are poor in endowment (only three of the 41 have more than $5,000,000). Income from endowment is too small to solve their problems. Their other traditional sources of income are: tuition and fees (already so high that they are noncompetitive with public institutions), auxiliary enterprises (with a ceiling established by the affluence of the student constituency and competition with other institutions), and gifts and grants including those from church denominations (rising slightly but at a much slower rate than educational costs).

Measured by national academic square-footage averages, vacancies for 5,309 students exist at private institutions in North Carolina. By using facilities more efficiently than the average American campus, North Carolina's private institutions can accommodate in current vacancies and as replacements for out-of-state students 10,398 in-state students in 1971 and 14,237 in 1980. The State in 1970-71 appropriates $1,283 for each student enrolled at a public four-year campus and $750 for each at a community college; these figures cover operating expenses only. To the extent that the State can help to fill the private vacancies with in-state students at less per-capita cost than their enrollment would cost at public institutions it saves scarce tax dollars and incidentally preserves the contributions of the private institutions to the quality of life in North Carolina.

RECOMMENDATIONS TO PRESIDENTS OF PRIVATE INSTITUTIONS IN NORTH CAROLINA

Each president should:

1. reorient his development activities to secure operating rather than capital funds;

2. challenge his faculty to action on renovating curricula to introduce programs more interesting and attractive to students and more economical;

3. raise the admissions activity (staff and budget) of his institution up to a point of maximum returns;

4. assure himself that good reasons prevent his changing investments that provide less than 4 to 5 percent income annually;

5. examine any subsidized athletic programs at his institution to be certain that they are currently worth their cost;

6. continue to support the North Carolina Association of Independent Colleges and Universities and the national federation of state associations.

RECOMMENDATIONS TO THE GOVERNOR AND TO THE GENERAL ASSEMBLY

PRIMARY: The Board of Higher Education endorses the recommendations of the Legislative Study Commission on Student Financial Aid, a program designed to remove financial barriers to higher education and to recognize the cost differential (private-public) by providing greater aid to the needy student selecting a private college. The Board would support any one of the commission's four options if it is fully funded.

ALTERNATIVE, PARTS ONE AND TWO: Partial funding of the Legislative Study Commission's proposal will drive a greater proportion of students into public institutions. If partial funding occurs, the Board recommends, to be contracted for use as scholarship funds for needy North Carolina students, an award in 1972 to the private institutions of $200 for each North Carolinian enrolled up to the number enrolled in 1970 ($4.6 million) and $600 contracted as a space purchase for each (up to 1,000) enrolled additional to the 1970 figure ($600,000). The Board recommends, whatever is funded, a restudy in the fall of 1972 and each biennium thereafter to determine the effect of State actions upon enrollment distributions and to recommend indicated modifications.

SUPPLEMENTARY: Whatever the legislative action on the preceding, the Board recommends the funding of four urban consortia of private and public institutions to make stronger and more economical programs available to students in these urban areas.

If the Primary or Primary and Alternative Recommendations are unacceptable to the General Assembly, the State--if it wishes to preserve the private institutions of higher education--must adopt other procedures at greater cost to itself. The most likely procedure would be a tuition-equalization plan that to be effective would have to provide to the private institutions a minimum of $600 for each North Carolinian enrolled, the money to be used for tuition reduction, regardless of students' needs. This minimum would necessitate appropriation of no less than $13.8 million a year.

PREFACE

At the request of Governor Robert W. Scott, the Board of Higher Education has brought together information concerning the private institutions of higher education in North Carolina, looking particularly at enrollment and fiscal trends. The staff of the Board has tabulated and analyzed the more significant data and has added some interpretation and recommendations.

This study provides:

1. a basis for recommendations by the Board to the Governor and the General Assembly concerning cooperation between the State and the private institutions to improve the availability and quality of higher education for North Carolina's students, and those recommendations are incorporated in the study;

2. a basis for recommendations by the Board to the presidents of the private institutions, and they are incorporated;

3. a basis for individual and cooperative planning by the private institutions, possibly with clearer perceptions of their potentials;

4. an aid to the Board in carrying out its statutory mandate of planning and promoting "the development of a sound, vigorous, progressive, and coordinated system of higher education in the State of North Carolina."

While evaluating information from the private institutions in the State, the staff of the Board received preliminary drafts of two important national studies and subsequently a printed copy of the first: Earl F. Cheit, *The New Depression in Higher Education: A Study of Financial Conditions at 41 Colleges and Universities* (New York: McGraw-Hill Book Company, 1971); William W. Jellema, "'The Red and the Black': Special Preliminary Report on the Financial Status, Present and Projected, of Private Institutions of Higher Learning" (to be completed and published by the Association of American Colleges). The Board's study and the two national ones are mutually corroborative. The national studies, however, treat the difficulty of private higher education as if it were only financial; their authors therefore hope for government funds to "save" institutions. We do not believe that citizens will continue to support through taxes many of the practices current in higher education, private and public. While we are convinced that good private higher education should have public financial support, we are equally convinced that all of higher education needs reform, especially in curricula. Thus we risk appearing presumptuous in recommending reforms for economy and for better, wiser, more provocative education through curricula more relevant to the humane aspirations of students and of all citizens.

The Board recognizes with thanks the cooperation received from the North Carolina Association of Independent Colleges and Universities and from the private institutions, which have reported to it information formerly privileged. It hopes that a pledge of confidentiality to each participating institution has been sufficiently guarded in this report of trends among the group. For Governor Scott and the other members of the Board of Higher Education, I send appreciation to the private-college presidents and other officers who gave time and effort to the assembly of the details for the study.

Cameron West
Director of Higher Education

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CHAPTER I

INTRODUCTION

In 1961 the North Carolina Board of Higher Education adopted a resolution including these sentences: "The State of North Carolina could not provide an education for its people at the same quality level were it not for the tremendous contributions made by . . . private institutions . . . . The magnitude of the job to be done, . . . persuading more qualified high-school graduates to enter college will . . . demand the cooperative efforts of both public and private institutions." The Board reaffirms with this study and group of recommendations its beliefs that "a great and unique strength of American higher education stems from the historic coexistence of strong private institutions and strong public institutions" and that "our society benefits from the maintenance of both types, each at its best."

In 1968 the Board of Higher Education stated, "Optimum use should be made of *all* resources available to higher education, and public policy should be developed with that end in mind."[1] It said that "dual systems of public and private institutions offer a richness and variety of educational experience that neither could achieve alone."[2] It recommended

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[1] *Planning for Higher Education in North Carolina*, "Special Report 2-68" (Raleigh, North Carolina: North Carolina Board of Higher Education, 1968), p. 223.

[2] *Ibid.*, p. 235.

> that consideration be given to providing state assistance to private higher education in North Carolina. To this end the Board of Higher Education, with the cooperation and assistance of the private institutions of higher education, will undertake a study of how best to implement such a program and will submit recommendations to the Governor and the General Assembly for consideration during the 1971 Legislative Session. This study will be coordinated with the study of the need to establish a statewide student assistance program . . . .[1]

The present study carries out this recommendation and responds to a subsequent request by Governor Robert W. Scott in 1970. It follows in time two reports by the North Carolina Legislative Study Commission on Student Financial Aid.[2] In keeping with the recommendation above, the staffs of the Board and the Commission have cooperated fully with one another.

Data for this study came to the Board on a questionnaire (reproduced in Appendix I) that it sent to the 41 private institutions of higher education in North Carolina. Visits to each private campus by members of the study staff and interviews with the executive officers of each institution provided supplementary information and valuable insights for the interpretation of the data. All relevant facts have been included in the study; any omitted items either are corroborative of points made better by the tabulation of other material or reveal little or nothing when tabulated.

All of the 41 institutions answered the questionnaire, but all did not provide answers to every part of it. An effort to distinguish between participating totals (41 in all, 29 senior institutions, 12 junior) and totals who answered a particular question appears in the use of the term "reporting total." Whenever a reporting total is not 41, 29, or 12, one or more of the institutions left a blank in its questionnaire.

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[1] *Ibid.*, p. 261.

[2] *Preliminary Report of the North Carolina Legislative Study Commission on Student Financial Aid, Part I* (Raleigh, North Carolina: Published for the Commission by the North Carolina Board of Higher Education, 1970); *Report and Recommendations of the North Carolina Legislative Study Commission on Student Financial Aid, Part II* (Raleigh, North Carolina: Published for the Commission by the North Carolina Board of Higher Education, 1970).

Early in this report, senior institutions are treated separately from junior, but this division is the only identifying categorization applied. Categories which might reveal identities are generally avoided: private institutions offering graduate work; those serving only one gender; those supported by particular denominations; and the like.[1]

The national concern about private higher education is well documented, and this study is written with the assumption that the general problem is known.[2] The news media have pointed to educational costs that are rising more rapidly than the economy, to the post-1968 decrease in Federal support of higher education, and to increased interest of the several states in providing assistance to private colleges and universities. The study concentrates therefore on North Carolina and specifically on the data collected by the Board of Higher Education. It avoids obvious arguments about the economic importance of a private institution to its local community.[3] Similarly, it does not dwell upon the virtues of a dual system of higher education

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[1] The participating colleges and universities were assured of confidentiality. The limitation of confidentiality has not interfered with the findings and recommendations of this report. On the contrary it has enabled access to data not ordinarily available.

[2] Cf. "Average College Deficit Increases 5-Fold in Year, "The Chronicle of Higher Education (January 11, 1971), pp. 1, 8.

[3] Cf. A Study of Private Higher Education in Tennessee (Nashville, Tennessee: Tennessee Council of Private Colleges and the Tennessee Higher Education Commission, 1970), pp. 13-16.

(public-private).[1] To present the accumulated data and to offer interpretation and recommendations are the specific aims.

Certain facts and conclusions will be painful to some readers, but for others a note of hope may appear. The most unconstrained optimism can hardly use this report as a guarantee of longevity for all private institutions in the State, but the opposite extreme view is equally inappropriate. The public wish shaping the public policy of North Carolina is to increase the availability and quality of higher education for its young men and women. The private institutions of higher education in the State have been an integral part of this aspiration, and it is in the public interest that they continue to be. The goal of this study is to support fulfillment of the aspiration.

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[1] Cf. *ibid.*, pp. 7-12.

CHAPTER II

ENROLLMENT TRENDS, 1965-1970

In North Carolina the annual rate of enrollment growth in private institutions of higher education has slowed to near zero since 1965; public institutions have continued to grow. While the over-all college population grew 34.1 percent from 103,971 in 1965 to 139,441 in 1970 and public students 52.0 percent from 60,922 to 92,597, private students increased in number only 8.8 percent from 43,049 to 46,844. Table I records the six-year trend.

TABLE I

FALL-TERM HEAD-COUNT ENROLLMENTS AND PERCENT CHANGES IN NORTH CAROLINA, 1965-1970

	Private	Public[a]	Over-all
1965	43,049[b]	60,922	103,971
1966	44,831[c]	67,065	111,896
Percent Change from 1965	4.1%	10.1%	7.6%
1967	45,851[c]	73,708	119,559
Percent Change from 1966	2.3%	9.9%	6.8%
Percent Change from 1965	6.5%	21.0%	15.0%
1968	46,697[c]	79,076	125,773
Percent Change from 1967	1.1%	7.3%	5.2%
Percent Change from 1965	8.5%	29.8%	21.0%
1969	46,656	84,427	131,083
Percent Change from 1968	-.09%	6.8%	4.2%
Percent Change from 1965	8.4%	38.7%	26.1%
1970	46,844	92,597	139,441
Percent Change from 1969	0.4%	9.7%	6.4%
Percent Change from 1965	8.8%	52.0%	34.1%

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[a] Includes students at military centers and those taking college parallel programs at community colleges.

[b] Includes students at Oak Ridge in its final year of operating a college program. The column excludes students in seminary and Bible colleges.

[c] Includes students at Vardell Hall, which operated a college program three years.

This chapter deals with gross enrollments and does not consider commuting and out-of-state students separately; those categories have special implications, and a subsequent chapter will treat them.

To point out that both public and private sectors have been growing, although at differing rates, does not provide information refined enough to reveal certain trends important for planning. For instance, the proportion of privately-enrolled students to all students in the State has continued to decrease. Table II displays this trend for the period studied.

TABLE II

PERCENT OF STUDENTS ATTENDING PRIVATE AND PUBLIC INSTITUTIONS OF HIGHER EDUCATION IN NORTH CAROLINA, 1965-1970

	1965	1966	1967	1968	1969	1970
Private	41.4%	40.1%	38.4%	37.1%	35.6%	33.6%
Public	58.6%	59.9%	61.6%	62.9%	64.4%	66.4%

An even stronger demonstration of the shift in enrollment from private to public institutions appears in the historical division of additional students for each year in the period studied. Of the 11,389 additional students in 1965 (the increase in total enrollments), 26.4 percent went to private campuses, 73.6 percent to public. In 1970 the growth was 8,676; 2.2 percent went to private institutions and 97.8 percent to public. Table III details yearly figures.

TABLE III

ADDITIONAL STUDENTS AND THE PERCENT ATTENDING PRIVATE AND PUBLIC INSTITUTIONS BY YEAR, 1965-1970

	1965	1966	1967	1968	1969	1970
Additional Students	11,389	7,925	7,663	6,214	5,310[a]	8,676
Percent Private	26.4%	22.5%	13.3%	13.6%	-0.8%	2.2%
Percent Public	73.6%	77.5%	86.7%	86.4%	100.8%	97.8%

Most of the individual private colleges and universities have enrollment histories not reflected by the gross figures. Nineteen of the 29 private senior institutions have had respective maximum enrollments (for the years studied) during one of the years between 1965 and 1969 and have since experienced declines. Two have steadily decreased since 1965; one achieved a maximum in 1966, four in 1967, nine in 1968, and three in 1969. Thus, about two-thirds of the private senior colleges experienced losses.

Enrollment history in the private junior colleges is much like that in the senior. At a time when North Carolina's community-college system was experiencing phenomenal growth, eight of the 12 private junior institutions were reaching enrollment peaks and have declined in population since; one had most students in 1966, four in 1967, two in 1968, one in 1969.

The junior colleges with increased enrollments have balanced over-all the losses of the others, but the total rate of growth for private junior institutions has diminished from 10.3 percent in 1965 to 2.2 percent in 1970.

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[a] Total private enrollment decreased 41; public increased 5,351.

TABLE IV

TOTAL ENROLLMENTS AND YEARLY PERCENT OF CHANGE IN PRIVATE JUNIOR COLLEGES IN NORTH CAROLINA, 1965-1970

Year	1965	1966	1967	1968	1969	1970
Enrollment	6,934[a]	7,442	7,585	7,789	7,680	7,852
Percent Change From Previous Year	10.3%	7.3%	1.9%	2.7%	-1.4%	2.2%

Among the 19 private senior institutions reaching an enrollment peak and then declining in the 1960's, the range of loss is from 3.8 percent to 29.6 percent. Among the eight private junior institutions producing the same enrollment pattern, the average decline is 12.6 percent to date, the range of loss from 3.9 percent to 26.9 percent.

TABLE V

PRIVATE SENIOR AND JUNIOR COLLEGES EXPERIENCING ENROLLMENT DECLINE BY PERCENT BETWEEN INDIVIDUAL PEAK YEARS AND 1970

Percent Decline	Number of Private Senior Institutions	Number of Private Junior Institutions
0.1% - 5.0%	2	2
5.1% - 10.0%	6	2
10.1% - 15.0%	3	2
15.1% - 20.0%	4	0
20.1% - 25.0%	1	1
25.1% - 30.0%	3	1
TOTALS	19	8

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[a] Oak Ridge is not included.

Applications for Admission, 1965-1970

Fifteen of the 29 private senior institutions were able to deliver complete records of applications between 1965 and 1970. The sample is large enough to be indicative.

TABLE VI

TOTAL APPLICATIONS TO FIFTEEN PRIVATE SENIOR INSTITUTIONS IN NORTH CAROLINA, 1965-1970

Year	1965	1966	1967	1968	1969	1970
Applications	13,532	13,560	12,569	12,766	12,004	11,680

In the period studied, 1966 was the peak year, the number of applications rising slightly above that of 1965; that of 1968 also rose above that of 1967, but the total loss over the six registration periods was 1,852 or 13.8 percent.

Comparable figures for the public senior institutions are available only since 1968 and show a 36.4 percent increase for the last three years.

TABLE VII

TOTAL APPLICATIONS TO PUBLIC SENIOR INSTITUTIONS IN NORTH CAROLINA, 1968-1970

Year	1968	1969	1970
Applications	45,830[a]	61,168[b]	62,522[c]

The decline in applications to private senior institutions may be more apparent than real. In the early 1960's higher education as a whole, in responding to predicted growth both in population and in percent of high-school graduates who would go to college, was publishing widely its presumed inability to provide facilities for greatly increased numbers of students. A public concern about whether the individual student could find a space resulted in the student's applying to several institutions. Some public and private institutions did close their admissions during the early spring of each year in the period, but there was never a year in which every student vacancy in higher education was filled. Several variables operated against the enrollment "crush"; among them were (1) the rapid expansion of existing campuses, (2) the rapid establishment and growth of new public campuses, (3) the even more rapid development of community colleges, (4) the willingness of public institutions, largely because their budgets were geared to enrollments, to accept nondormitory students and put them in classes of increasing size, and (5) the relative ease for all institutions of acquiring capital funds and the difficulty of acquiring operating funds. Near the end of the decade the diminution of the scare about a student's finding a college which would accept him resulted in fewer multiple applications.[1] The overall loss of 13.8 percent in applications to the 15 reporting private senior institutions in North Carolina may in itself reflect nothing more than the national reduction in multiple applications.

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[a] The report to the Board of Higher Education did not break applicants into categories of freshmen, transfers, and graduates.

[b] Includes an estimate for North Carolina Agricultural and Technical State University.

[c] Includes an estimate of graduate applicants to the University of North Carolina at Chapel Hill.

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[1] In the nation, approximately 50 percent of the freshmen enrolled in 1968 applied to only one institution, 20 percent applied to two, and 14 percent applied to three. See John A. Creager et al., National Norms for Entering College Freshmen--Fall 1968 (Washington, D. C.: American Council on Education, 1968), p. 37. Cf. The Overlap in College Applications and Admissions in North Carolina, Fall 1967, "Research Report 3-69" (Raleigh, North Carolina: North Carolina Board of Higher Education, 1969). The Board Report deals with only one year and cannot reveal an historical trend.

Among the 15 reporting private senior institutions, only two had a growth in applications for the entire period, one of 21.9 percent, the other of 94.4 percent.[1] Thirteen lost applicants as shown in Table VIII.

TABLE VIII

PRIVATE SENIOR INSTITUTIONS EXPERIENCING
DECLINES IN APPLICATIONS BY PERCENT, 1965-1970

Percent Decline	Number of Institutions
0.1% - 5.0%	1
5.1% - 10.0%	3
10.1% - 15.0%	1
15.1% - 20.0%	1
20.1% - 25.0%	0
25.1% - 30.0%	1
30.1% - 35.0%	4
35.1% - 38.3%	2
TOTAL	13

While verifiable information on decreasing multiple applications is not available, it appears that about half of the reporting private senior institutions are experiencing loss of applications greater than a change in multiple applications may account for. That half is highly correlated with the institutions which have had the largest percentages of decline from their peak enrollments.

A comparison of applications, acceptances, and enrollments at the 15 reporting institutions may reflect another trend.

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[1] The remarkable gain of 94.4 percent followed the employment in 1969 of the institution's first professional recruiting staff.

TABLE IX

APPLICATIONS, ACCEPTANCES, AND ENROLLMENTS AT FIFTEEN REPORTING PRIVATE SENIOR INSTITUTIONS IN NORTH CAROLINA, 1965-1970

Year	Number of Applications	Number of Acceptances	Number Enrolled
1965	13,532	8,545	5,690
1966	13,560	8,570	5,243
1967	12,569	8,194	5,512
1968	12,766	8,853	5,574
1969	12,004	8,462	5,286
1970	11,680	8,236	4,986

Roughly, as applications have decreased, the selectivity of these institutions has decreased. As a report on Scholastic Aptitude Tests averages will subsequently show, the decreased selectivity does not necessarily mean a decrease in the quality of students enrolled. Clearly, however, the percentage of accepted applicants who actually enroll at these 15 institutions is decreasing more rapidly than acceptances. To demonstrate the failure of an increasing percentage of accepted students to matriculate at private colleges is one way to describe the institutions' enrollment problems.

Only three of the 12 private junior colleges in North Carolina presented complete applications histories for the entire period 1965 to 1970. The latest year showed--for the three--drops in applications since 1965 of from 5.4 percent to 33.3 percent. Six other junior colleges provided incomplete histories, but the nine reporting gave full data from 1968 to date. As was true of applications to the private senior institutions, applications to the reporting private junior colleges are down (4.0 percent for the three-year period), the percentage of acceptances is up (from 75.7 percent

1968 to 90.7 percent in 1970) and reflect decreasing institutional selectivity among applicants; the percentage of accepted students who enroll, however, is down (from 75.9 percent in 1968 to 70.8 percent in 1970). The significant increase in acceptance rate has overcome the loss of applicants and the percentage loss of accepted students who enroll, so the total population of the private junior colleges is larger than ever, but very much slowed in its growth.

Enrollment and application histories demonstrate that North Carolina's families by necessity or by preference are turning in increasing numbers to public institutions for the higher education of their young men and women. The shift in enrollment is putting the private sector of the State's dual system in jeopardy, because private institutions are heavily dependent upon tuition and fees to meet their operating costs.

SAT Averages, 1965-1970

A study of average scores on the Scholastic Aptitude Tests (SAT) at North Carolina's private institutions of higher education reveals no significant trend over the past six years. Three of the institutions studied appear to show individual trends, but the group of 41 shows none. Considering the yearly national variation in mean score and the fairly wide standard deviation from the mean, the reader of the SAT histories in North Carolina's private sector must conclude that the high and low points of the several institutions are too close to be significant of change. In other words, regardless of the decreasing institutional selectivity among applicants and the increasing tendency of accepted students not to matriculate, the

SAT scores are stable for the period 1965 to 1970 in the private colleges and universities.

The report on SAT averages in the private institutions may appear to be counterintuitive. One might have supposed that the need for students on the private campuses would cause lower admissions standards. In North Carolina, however, neither public nor private institutions have as a group (or as two groups) had highly selective admissions policies. The range of SAT mean scores among the private institutions is considerably broader than that among the public; the private range extends both higher and lower than the public. More than three of every four private institutions in the State have SAT mean scores below the national mean; more than four of every five public institutions in the State have means below the national. The figures indicate that students who attend colleges in North Carolina have mean SAT scores below the national mean.

Neither private nor public institutions have shown a significant change in SAT means since 1965.

The general stability of SAT averages among the private institutions may point to a mutual perception of each institution and its potential students. It is as if each institution sought students of a certain ability and in turn students of that ability sought the institution. This apparently unspoken relationship of each institution with its potential students may be extremely difficult to change. While the exact relationship between the affluence of an institution and its mean SAT score is probably beyond quantification, there is nevertheless a strong correlation. The relatively prosperous school--indeed the relatively expensive school--tends to attract the student with higher SAT scores.[1]

The information collected about enrollment, application, and SAT histories covers a relatively short time span, but it could well be a critical period for the private institutions. The very existence of this study and the universal cooperation of private-campus officers are evidence that the Board of Higher Education and the private institutions assume the period to be critical. With that assumption stated, further inferences can be drawn from the data presented thus far.

A majority--about two-thirds--of private institutions are experiencing declining enrollments. If the economic squeeze between rapidly rising costs and only slightly rising revenues is causing institutional difficulty in meeting budgets (see Chapter IV for fuller discussion of finances), it is reasonable to assume that families find themselves equally squeezed; their incomes have not risen so fast as the cost of private education. Thus, more and more families are sending their young men and women to public campuses to reduce educational expenses. The affected enrollments have added to the financial difficulties of private institutions.

The present economy does not suggest optimism about a change in these trends. Unless there is a major change, private education can expect further decreases in enrollments, further decreases in applications, further increases in expenditures. These should be matters of concern to the State.

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[1] This tendency among others has raised questions about the SAT scores; they may be more a reflection of white, affluent, urban, "liberal" culture than a measure of intellectual ability. Precisely because largely white, affluent, urban, and if not liberal then nonrepressive or somewhat laissez-faire attitudes and activities are those considered intellectual, the SAT scores may be a less valid indicator for the nonwhite, the poor, the rural, and for those restricted by "old-fashioned" families, unusually prohibitive churches, or other "repressive" forces in their environments.

In spaces provided on the questionnaire for comments on enrollments, several administrative officers remarked upon the increased availability of less costly public education and the recessive general economy of the United States. One felt that public-school guidance counselors tend heavily to recommend public higher education. Increased staffs and budgets for admission offices were reported often enough to suggest a trend, but additional effort mostly succeeded only in maintaining enrollments or diminishing possible losses.

While a number of institutions report lowering their admissions standards and instituting policies of accepting more high-risk students, the SAT means do not as yet reflect these actions.

Increased admissions activity may be helpful for individual campuses, especially those with minimum activity until recently, but (1) it probably cannot alone reverse the State and national trends toward smaller private enrollments, and (2) each institution must find its own point of diminishing returns on admissions expenditures.

The statement by many private institutions that they are consciously wooing less able student candidates could lead to an actual reduction in each institution's average student ability. Unless massive intervention by State or Federal governments or both changes the student-aid capacity of the private institutions, however, decrease of student mean aptitudes is not likely to occur. The tendency of lower test scores to show up among less affluent students (who will be fewer in private than in public education) and the already low means for most North Carolina institutions predict maintenance of student quality.

CHAPTER III

STUDENT SPACES AVAILABLE IN NORTH CAROLINA'S PRIVATE INSTITUTIONS

All institutions in the State participate in the Higher Education General Information Survey (HEGIS), and their counts of square footage and of dormitory beds measure their spaces for students. The square-footage norms established by HEGIS are averages of practice in the nation. With these norms used as determiner, the academic space of North Carolina's private institutions could accommodate 52,178 students. The 1970 enrollment at these institutions is 46,869. By the HEGIS measurement then, there are vacancies for 5,309 students in private higher education in North Carolina. Since HEGIS reports that nationally institutions obtain only 60 percent efficiency in use of space, the estimate of 5,309 vacancies in North Carolina is conservative.

A "residential student" is by HEGIS definition one who occupies a dormitory bed or lives in "college-approved" housing. Other students must then be "commuting," but the definition is suspect; students attending some campuses live away from home in rented quarters that are neither governed nor approved but are "allowed" by the institutions.

The percentage of these "commuting" students varies widely among the private institutions. In 1967 the range was from 0.6 percent to 58.6 percent, in 1970 from 0.6 percent to 49.8 percent.

TABLE X

PRIVATE SENIOR INSTITUTIONS WITH COMMUTING STUDENTS BY PERCENT IN 1967 AND 1970

Percent Commuting Students	Number of Private Senior Institutions, 1967	Number of Private Senior Institutions, 1970
0.1% - 5.0%	2	2
5.1% - 20.0%	12	11
20.1% - 35.0%	8	9
35.1% - 58.6%	5	5
REPORTING TOTALS	27	27

In 1967 there were 9,256 commuters (20.2 percent) among the 45,784 privately-enrolled students; in 1970 there were 9,118 commuters (19.5 percent) among 46,869. These figures and each percentage is reduced by the unknown number of students living in rented "unapproved" quarters near their institutions. Obviously the private-college experience in North Carolina is very largely "residential"; the private institutions own only 30,680 dormitory beds for their 52,178 student spaces (measured by academic square footage), but their students have access to many more beds.

The conservatively-estimated 5,309 student vacancies in the private institutions of North Carolina represent a waste which must be painful to every citizen of the State. These vacancies will be an important element in recommendations by the Board to the Governor and the General Assembly.

Any recommendation that each institution examine its policies on commuting students to determine whether it might serve more and simultaneously improve its enrollment ignores the draining of its available pool of acceptable commuters by almost every institution.

On this matter as on others the caste system that marks America's and North Carolina's higher education is apparent. With a very occasional exception, those institutions with a low percentage of commuting students are the most prestigious; the usual quantitative measurements reflecting large expenditures for salaries, square footage, library, and the like make these campuses relatively affluent, and the affluent campuses draw students of higher potential (by the SAT standards, whatever their bias). Similarly, those institutions with a high percentage of commuting students spend less on the prestige-gaining budget items and draw students of lower potential. An increasing number of commuting students seems to be an unlikely possibility for the private institutions. Unless new ways of attracting them are provided, the wealthy campus which has more space for commuters will not attract them because they cannot afford tuition and because they are not likely to meet admissions standards; the less affluent campus already has worked very hard and successfully to attract all the admissible commuters available. Although the private institutions have academic space for from 5 to 15 percent more students than they currently enroll, they will need additional incentives in recruitment to fill a substantial number of their vacancies with commuting students.

Questionnaires did not ask for local estimates of vacancies. Projections of spaces that could be filled by North Carolina students (spaces either vacant or now occupied by out-of-state students) indicated 10,398 such spaces for 1971 and 14,237 for 1980. The percentage of out-of-state students desired varies considerably from campus to campus, but virtually all of the private institutions in the State want to increase their proportions of North Carolinians enrolled.

Out-of-State Students

Between 1960 and 1970 the number of out-of-state students attending North Carolina's private institutions of higher education more than doubled--from 10,204 in the former year to 21,797 in the latter. The proportion of out-of-state students in private institutions has grown from 32.3 percent in 1960 to 46.5 percent in 1970, the growth rate having declined since 1964.

Mostly the individual institutions show the same curve for increase in percentage of out-of-state students, and there is rarely a dramatic change in the out-of-state proportion for a single institution. During the last few years each institution has remained fairly constant in its proportion.

TABLE XI

PRIVATE SENIOR INSTITUTIONS WITH OUT-OF-STATE STUDENTS BY PERCENT IN 1967 AND 1970

Percent of Out-of-State Students	Number of Private Senior Institutions, 1967	Number of Private Senior Institutions, 1970
0.1% - 20.0%	3	2
20.1% - 40.0%	10	8
40.1% - 60.0%	8	11
60.1% - 79.4%	7	8
REPORTING TOTALS	28	28

Figures compiled by Albert R. Munse and Robert F. Davies for the year 1968 show that in the nation 90.4 percent of publicly-enrolled students attended schools in their respective home states, 65 percent of privately-enrolled.[1]

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[1] Letter to the Board of Higher Education.

That year nationally private institutions characterized 35 percent of their students as out-of-state. North Carolina's private sector, however, enrolled 46 percent out-of-state students.

Probably a large and as yet unlisted set of variables accounts for the high aggregate percentage of out-of-state students on private campuses in the State. For the individual campuses, conversations with the presidents brought out plausible but varying reasons for the percentage of out-of-state students. No one of those reasons seems to be applicable to any large group of institutions.

If economics is related to the unusually large proportion of out-of-state residences for North Carolina's privately-enrolled students, no simple proposition will account for the highly complex relationship. For instance, there is no correlation between the ranked costs of the 29 private senior institutions and their ranked percentages of out-of-state students. When only the nationally most widely-attended type of institution among the 29 is considered (older than a decade, coeducational, predominantly white, supported by or allied to a Protestant denomination), a significant correlation of .61 between ranked costs and ranked percentages of out-of-state students is demonstrable. The correlation may be another expression of typical behavior among the affluent; students from more affluent families may be more mobile--more likely to go to private schools outside home states.

Fewer than half of the assignable student spaces in North Carolina's private senior institutions are filled by North Carolina residents. Out-of-state students (22,053) and vacancies (5,309) account for more than half (27,362) of the assignable spaces (52,178). Since less than half of the facilities, expenditures, and efforts of the private institutions serve

North Carolinians, and since the State needs all the help it can get to serve its growing number of native students, cooperation between the State and private institutions would help both meet their respective needs.

Another view of the data on out-of-state students reveals that the rate of growth peaked in the middle 1960's and then declined. A list of the yearly additions to the out-of-state population enrolled in North Carolina's private institutions demonstrates the curve:

1965:	1592	1968:	814
1966:	1864	1969:	116
1967:	1050	1970:	264

Numbers of applications are not very substantial figures upon which to rely, but the decrease in applications for the individual institution during the late 1960's is highly correlated with its dependence upon out-of-state students.

The number of out-of-state students attracted to all of North Carolina's private institutions has virtually stopped growing and appears likely to decline. For years the State has drawn an unusually large number of nonresidents, perhaps because its private institutions were more economical, more prestigious, or easier to enter than those in home states of student immigrants to North Carolina. The economic trends in the country and in higher education seem now to be taking away any "advantage" North Carolina might have had in this regard. The competition among the State's private institutions and between them and public institutions is being reproduced in varying degrees by other states. It may be true that North Carolina's private institutions have historically been able to compete well with the private institutions of other states, but rising tuition costs among them seem bound ultimately to put all private institutions out of reasonable competition with public; even migrating students will turn more and more to public campuses. Nothing indicates that any private institution in North Carolina can count for long on filling its vacancies with affluent students from other states.

In-State Students

The number of graduate and undergraduate in-state students attending North Carolina's private institutions (seminary and Bible colleges excluded) grew erratically through 1968 and has since declined. In-state students from year to year were:

1964:	23,904	1968:	25,280
1965:	25,320	1969:	25,123
1966:	25,278	1970:	25,047
1967:	25,248		

The increases or decreases in in-state enrollments from year to year do not describe a smooth curve, but the last few years had changes that corroborate points made earlier in this study:

1965:	1,416	1968:	32
1966:	-42	1969:	-157
1967:	-30	1970:	-76

The following record speaks clearly about declining private enrollment of in-state undergraduates:

1968:	24,377
1969:	24,040
1970:	23,890

No data collected on commuting students and out-of-state students is promising for improved enrollments at the private institutions in North Carolina. On the contrary this study of enrollments justifies the concerns that private institutions have been expressing on this subject.

A summary by private institution of current in- and out-of-state undergraduate enrollments follows in Table XII.

TABLE XII

HEAD-COUNT[1] UNDERGRADUATE IN-STATE, OUT-OF-STATE, AND TOTAL ENROLLMENTS AT PRIVATE INSTITUTIONS IN NORTH CAROLINA, FALL TERM, 1970

Institutions	In-State Undergraduate Students	Out-of-State Undergraduate Students	Total Undergraduate Students
Senior:			
Atlantic Christian	1,435	312	1,747
Barber-Scotia	308	229	537
Belmont Abbey	140	539	679
Bennett	279	293	572
Campbell	1,707	500	2,207
Catawba	512	587	1,099
Davidson	341	693	1,034
Duke	993	4,214	5,207
Elon	990	725	1,715
Gardner-Webb	1,062	466	1,528
Greensboro	413	177	590
Guilford	1,323	434	1,757
High Point	580	523	1,103
J. C. Smith	433	703	1,136
Lenoir Rhyne	1,046	295	1,341
Livingstone	468	252	720
Mars Hill	899	595	1,494
Meredith	897	212	1,109
Methodist	646	164	810
N. C. Wesleyan	325	306	631

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[1] FTE enrollment figures available are not broken into in- and out-of-state categories.

TABLE XII (continued)

Institutions	In-State Undergraduate Students	Out-of-State Undergraduate Students	Total Undergraduate Students
Pfeiffer	524	358	882
Queens	147	511	658
Sacred Heart	130	220	350
St. Andrews	362	501	863
St. Augustine's	627	476	1,103
Salem	254	272	526
Shaw	443	711	1,154
Wake Forest	1,271	1,268	2,539
Warren Wilson	112	261	373
TOTALS	18,667	16,797	35,464
Junior:			
Brevard	320	275	595
Chowan	540	943	1,483
Kittrell	295	85	380
Lees-McRae	362	298	660
Louisburg	589	196	785
Mitchell	498	48	546
Montreat-Anderson	184	169	353
Mt. Olive	322	23	345
Peace	450	39	489
St. Mary's	213	108	321
Southwood	109	144	253
Wingate	1,341	301	1,642
TOTALS	5,223	2,629	7,852
GRAND TOTALS	23,890	19,426	43,316

CHAPTER IV

FINANCES

The private institutions of higher education in North Carolina are not rich in endowment. For most of them income from endowment provides a negligible percentage of operating costs.

TABLE XIII

PRIVATE INSTITUTIONS IN NORTH CAROLINA BY SIZE OF ENDOWMENT

Size of Endowment	Number of Private Institutions
None	2
Less than $ 100,000.00	1
$ 100,000.01 - $ 250,000.00	3
$ 250,000.01 - $ 500,000.00	8
$ 500,000.01 - $1,000,000.00	9
$1,000,000.01 - $2,000,000.00	10
$2,000,000.01 - $5,000,000.00	5
More than $5,000,000.00	3
TOTAL	41

Among the 38 private institutions reporting income on invested endowment in 1969-70, the variation in percentage of return is fairly large.

TABLE XIV

PRIVATE INSTITUTIONS IN NORTH CAROLINA BY PERCENT OF INCOME ON INVESTED ENDOWMENT, 1969-70

Percent of Income on Invested Endowment	Number of Private Institutions
Less than 4%	13
4.1% - 5%	7
5.1% - 6%	8
6.1% - 7%	4
7.1% - 8%	5
More than 8%	1
REPORTING TOTAL	38

Governing boards usually decide which property is endowment, which reserves, and which appears in other accounts. Among the private institutions the variety in practice of categorizing holdings makes any conclusion about endowments at best a weak generalization. When a large tract of land producing nothing is part of an institution's endowment, the percentage of return for the total endowment is automatically lowered. A few institutions have endowment money held in trust by an organization not subject to the will of the institutions' trustees. Donors' restrictions on some gifts prevent profitable investment. Still, more than one of every three reporting campuses have income of less than 4 percent on invested endowment. Portfolio managers who obtain less interest than the annual rate of inflation are losing money. Each institution receiving less than 4 to 5 percent income from endowment should satisfy itself that the reasons are good.

Endowments being small among the private institutions, endowment incomes in most instances are negligible percentages of operating budgets. The institutions receiving 10 percent of operating costs from endowment are few. Over-all, for the institutions reporting, endowment income provides only 2.8 percent of operations. Some institutions are more fortunate; some less.

TABLE XV

PRIVATE INSTITUTIONS IN NORTH CAROLINA BY PERCENT OF OPERATING COSTS RECEIVED FROM INCOME ON INVESTED ENDOWMENT

Percent of Operating Costs Received From Income on Invested Endowment	Number of Private Institutions
Less than 1%	7
1.1% - 2%	10
2.1% - 3%	7
3.1% - 4%	3
4.1% - 5%	4
5.1% - 6%	2
6.1% - 7%	1
8.1% - 9%	1
10.1% - 11%	1
13.1% - 14%	1
REPORTING TOTAL	37

Only one institution receives significant income from investments not classed as endowment; only two receive significant amounts from non-campus property not classed as endowment. Thus, the income-producing resources (endowment, other investments, and noncampus property) of almost all the private institutions are severely limited; only a small minority can contribute large amounts from these resources to their own operating costs.

While nearly all of the private institutions add capital gains to endowments, a trend may be beginning toward another practice: five institutions are now using such gains for current operations and one for other purposes.

Other than upon endowment income, private institutions can depend for operating funds only upon tuition and fees, gifts and grants, and profit from auxiliary enterprises. They have amassed insignificant amounts of endowment, and there is no indication that endowment growth will become significant. Profits from auxiliary enterprises cannot expand greatly; for instance, institutions can hardly expect students to pay more for food, except to meet rising costs. Their only real hope for meeting rising operating costs then lies in increased tuition and fees (through either increased enrollment or increased per-capita charges, the latter already being the chief cause for lack of students) or in grants and gifts for operations, the rarest and most difficult type of donation to locate. The foregoing is true if no internal economies are available, a point to be reiterated in the accompanying recommendations to the private presidents.

Presidents of North Carolina's private institutions attribute their fund-raising difficulties primarily to the "tight money" of a recessive economy and to increased competition for funds as public educational institutions and other agencies enlarge their development programs. Less favorable tax laws for foundations and student unrest also, the presidents believe, are damaging their money-raising prospects.

Plant Facilities

Physical plants of the private institutions tell another story. The institutions own facilities with a total book value of $443,263,462. Some of the buildings rose when a dollar was worth much more than currently. Replacement value of the private campuses doubtless exceeds one billion dollars. Market value of the campuses has no real meaning, because they are not for sale and they probably have few potential buyers.

Against the book value of physical plants, the private institutions have incurred $65,146,671 of debt, almost all of it at pre-1968 interest rates. Loans against plants bear interest varying from 1.6 percent to 9.5 percent, but only a few recent and usually small debts on buildings bear more than 5 percent. The average rate for all plant indebtedness is about 4 percent; that rate is very favorable compared with the approximate average of 8 percent being paid on current-fund indebtedness.

The quantity and the quality of the physical facilities of the private institutions are incontrovertible evidence of the relative ease of acquiring funds for capital expenditures, much of it from Federal sources in the 1960's. Judged on endowment, most of the campuses are paupers; paradoxically, almost all are rich in plant. The physical resources for educating more than 52,000 students a year are available on these campuses, but they are far from being fully used.

Public-relations brochures and presidents' annual reports tend to dwell on growth or improvement of physical plant. Fine buildings on a campus do not necessarily mean, however, that financial strength is there. North Carolina has private institutions at various distances from predictable bankruptcy; some quite close to it have superb facilities.

Campaigns for operating funds are anathema to presidents and development officers. They do point to capital acquisitions as evidence of their success. But additional facilities--for North Carolina's private institutions as a group--are fast reaching, if they have not already reached, a point of diminishing returns. In some instances, they may be downright wasteful. It seems pointless to build more space for fewer students. A change of direction is clearly needed by institutional developers, for if they continue their present one, private campuses are likely to become handsome mausoleums vacated by students and therefore everyone else.

Church Support

In interviews, two executives reported that their supporting church organizations had given them notice that denominational funds would cease coming to them within two years. Publications by central organizations of various large denominations describe a waning of donations that reach their headquarters. Greater local control of funds seems to be a current demand of church members. Central organizations are therefore receiving less for regional, national, and world endeavors, which include the financial support of denominationally-controlled or -related institutions of higher education.[1]

Deficits

To report deficits among the private institutions is not to indict them. Forces beyond their control have made their solvency precarious;

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[1] The Episcopal General Convention anticipates a budget decrease of $2,000,000 for 1971. The United Presbyterian Board of Christian Education expects its budget to be down $666,660 for 1971. All but two categories of general funds are down for United Methodism. See "Two Denominations Cut National Staffs," Christian Advocate, XV, 1 (January 7, 1971), p. 19.

their persistence in making contributions to higher education in the State is all the more remarkable under the burden of present trends. Subject to most of the same forces increasing their costs, the public institutions have historically been able to receive increased appropriations from the State, but when tuition and fees are added to State appropriations per student, the public institutions are apparently operating no less economically than the private.[1] Even public higher education must convince the citizens of the State to support it through increased taxes, or it must settle for less than its projected needs and perpetuate itself through internal reform capable of reducing costs and increasing quality. There is no *financial crisis of private higher education alone; all of higher education shares the crisis, the private institutions experiencing it first because of greater limitations upon their traditional sources of income; the private institutions' difficulties, with the exception of underenrollment, are already present among the public institutions and--unless trends change--will be grave before 1980*.

Seventeen of North Carolina's 41 private institutions of higher education have budgeted deficits for 1970-71. Nine of these deficits exceed $100,000, two of them approaching $1,000,000. Deficits accumulated prior to the current year exceeded $100,000 at nine private institutions; four had accumulated deficits larger than $500,000; one is facing an accumulated deficit of almost $2,000,000 in June, 1971. Short-term loans to finance deficits are bearing interest at an approximate average of 8 percent.

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[1] Full financial data on the public institutions are not available, partly because they receive funds not appropriated by the State. In categories among the data available (maintenance, salaries, student-faculty ratio, and the like) the cost (paid by all sources) of a public education is at least that of a private one.

Conversations with executive officers of the private institutions indicated that there are more true deficits among them than the budgets show. Accounting procedures may both be honest and conceal deficits. An institution may have accumulated some reserves from earlier small surpluses; subsequent depletion of those reserves may not be considered a deficit in its accounts. Another may have received a fund untouchable during a specified period except for income from it; after the period, the institution may use that fund to pay costs exceeding revenues and not record a deficit. Another may use for operations beyond revenues cash gifts toward a building not yet constructed; in actuality it has run a deficit and borrowed from itself, but its audit will not show a deficit. With these and similar practices counted, well over half the private institutions in North Carolina are operating at deficits. In accordance with accounting guidelines established by the American Council on Education and other associations, none of the private institutions depreciate their facilities; if depreciation were included in their accounts, doubtless all of them would now be recording losses. Further, surpluses and contingency funds, which once were included in all budgets, have now virtually disappeared, even from the budgets of the more affluent institutions.

Most budgeted deficits among the private institutions are readily associated with enrollment difficulties, but some are not. Institutions in the latter group give little evidence as yet of exercising restraints on expansion goals. The most troubling realization for any private president must be that his deficit would not disappear even if every current vacancy were filled by a fully paying student. While only a few institutions have reached this point, the continuation of recent trends will bring more of them to it within a very short time. Some institutions will likely pass out of existence; most cannot continue to offer the same programs with rising costs to constituencies unable to meet those costs. The institutions must of course do everything possible to increase their revenues, but it is equally obvious that they must give serious consideration to radically revised instructional programs that can be mounted more economically.

Scholarships Provided from Operating Funds, 1965-1970

The private institutions, typically considering themselves in the 1960's as part of a "growth industry," have even attempted to buy their own growth, a surprising practice at a time when enrollments are declining. The attempt is reflected in the sharp rise of operating funds devoted to scholarships, a rise recorded in Table XVI. The private senior institutions providing complete data number 22, junior 11.

TABLE XVI

SCHOLARSHIPS AWARDED FROM OPERATING FUNDS BY PRIVATE INSTITUTIONS IN NORTH CAROLINA IN 1965 AND 1970

		Private Senior[1] Institutions	Private Junior[2] Institutions	All Private Institutions
1965:	Gross Scholarship Dollars	$1,535,154	$284,755	$1,819,909
	Number of Students Served	3,513	713	4,226
	Average Scholarship	$ 437	$ 399	$ 431
	Enrollment	36,069	6,980	43,049
1970:	Gross Scholarship Dollars	$2,778,322	$1,092,950	$3,864,782
	Number of Students Served	4,924	1,190	6,114
	Average Scholarship	$ 563	$ 918	$ 632
	Enrollment	38,992	7,852	46,844
Percent Rise, Gross Dollars		80.6%	283.8%	112.4%
Percent Rise, Average Scholarship		28.8%	130.1%	46.6%
Percent Rise, Enrollment		8.1%	12.5%	8.8%
Percent Rise, Students Served by Scholarships		31.6%	66.9%	44.7%

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[1] Reporting total: 22 with complete data.

[2] Reporting total: 11 with complete data.

One of the private senior institutions exhibits incomplete information, and two show declines in operating budgets for scholarships of 12.2 percent and 18.2 percent respectively. (One of the latter has such enrollment difficulties that it apparently is unable to award all the scholarship money that it is willing to budget.) The other 26 have a wide range of increases in scholarship budgets, from a low of 7.3 percent to a high of 252.9 percent; ten of them have increased budgets by more than 100 percent, 21 by more than 50 percent.

Among the private junior colleges the minimum increase in operating budget for scholarships between 1965 and 1970 has been 31.3 percent. Ten of the 12 have increases above 90 percent, one going to 587 percent.

The average size of the individual scholarship is generally up by more than 45 percent (see Table XVI). Four private senior institutions and one junior college have served more students with smaller average scholarships. The other 36 institutions are not only serving more students but are also awarding larger average scholarships.

Among the group of private institutions reporting on the subject, scholarship dollars for athletes and the number of athletes served have risen considerably more proportionately than general scholarships and the number of students served.

The increasing inability of families to meet the costs of private higher education is the sound and humane reason for institutions to offer students more financial aid, but presidents are aware that increasing scholarships from operating funds is a gesture of desperation. They understand that in the long run continuing increase can only result in giving away costly services and going bankrupt. As a short-term practice, however, the increase in scholarship budget has justification. A campus certain to have vacancies can add a student at very small cost to itself; his presence in already scheduled classes costs practically nothing, the expense of having him occupy an otherwise vacant but heated dormitory room is negligible, and his enrollment will therefore add nothing to the institutional operating budget except the cost of his food. Anything that he pays the institution beyond board is "profit" that can help meet operating costs. In a business which can expect high volume, low profit per customer is sound enough. Private colleges are, however, a low-volume business, and they know that they cannot exist long on a low-"profit" basis. The evidence suggests forcibly that these institutions need to direct their attention to raising operating funds, including gifts for scholarships, which represent a mounting proportion of their budgets. Such funds would provide actual money, not paper increases of operating budgets which result in reduced bills to students. These scholarships are to be distinguished from subsidized intercollegiate athletic programs, which may have become an irrational luxury for institutions that need to practice every possible economy.[1]

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[1] A survey conducted by the University of Missouri for the National Collegiate Athletic Association has shown that expenditures for athletics have grown more rapidly than income from them. See "Colleges Question Old Views on Sports," The New York Times (January 11, 1971), p. 70 C.

CHAPTER V

COSTS AND SOME QUALITATIVE MEASUREMENTS OF PUBLIC SENIOR AND PRIVATE SENIOR INSTITUTIONS IN NORTH CAROLINA

Certain quantitative measurements of educational institutions are correlatives of quality by tacit assent of the academic community. They include faculty salaries, SAT mean scores, Graduate Record Examinations or other exit-test mean scores, and student-faculty ratios. All of them are individually suspect because easily-found exceptions to apparent correlations abound; but taken together, such measurements do provide bases for ranking institutions of higher education in North Carolina; some are unquestionably superior to others. The public institutions fit a rank of better to worse; the private institutions also have such a rank. Considered together, public and private institutions produce an interspersed rank with neither group dominant. Because this study is certain to provoke questions about quality in the private institutions, tables are presented that provide bases for comparison. It is evident that the few best institutions of the State include both public and private ones as do the few weakest and as do the middle group.

Table XVII deals with faculty salaries in North Carolina for 1969 and verifies the findings of the questionnaire that salaries in the private sector are comparatively lower than in the public.[1]

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[1] Table XLVII, Statistical Abstract of Higher Education in North Carolina, 1969-70, "Research Report 1-70" (Raleigh, North Carolina: North Carolina Board of Higher Education, 1970), p. 112.

Table XVIII gives 1970 average salaries at institutions other than the North Carolina School of the Arts and those with doctoral programs.

Table XIX reports quality of entering freshmen (their SAT mean scores) in 1965-66 at public and private senior institutions. Graduate Record Examination scores for that class are not available, but scores of its members who took the National Teachers Examinations are listed as a measure of student quality at exit. The low student-faculty ratio at private institutions, while not appreciably different from that at the public universities, will be mentioned in a subsequent recommendation to presidents of the private campuses. Other items in the table are self-explanatory, except that costs do not include room and board, which are roughly comparable at all institutions.

TABLE XVII

AVERAGE SALARIES OF FULL-TIME FACULTY MEMBERS* AND RANGES OF INSTITUTIONAL AVERAGES BY ACADEMIC RANK IN NORTH CAROLINA SENIOR COLLEGES AND UNIVERSITIES, FALL 1969

ACADEMIC RANK	AVERAGE OF ALL FULL-TIME FACULTY MEMBERS		RANGES OF INSTITUTIONAL AVERAGES	
	Public Institutions**	Private Institutions***	Public Institutions	Private Institutions
9-10 MONTH BASIS				
Professor	$16,665	$15,253	$12,431 - 20,084	$ 8,500 - 19,559
Associate Professor	12,976	11,228	10,168 - 14,430	7,655 - 13,615
Assistant Professor	10,582	9,161	8,868 - 11,661	5,900 - 10,870
Instructor	8,167	7,430	7,571 - 8,678	4,828 - 8,982
ALL RANKS	11,873	10,853	9,834 - 14,736	5,848 - 15,214
11-12 MONTH BASIS				
Professor	$21,235	$13,277	$14,500 - 24,723	$ 8,303 - 17,000
Associate Professor	16,316	13,334	12,300 - 17,351	8,938 - 15,750
Assistant Professor	13,613	9,049	9,600 - 14,903	7,789 - 17,000
Instructor	10,804	7,002	7,500 - 11,924	6,887 - 8,500
ALL RANKS	17,070	10,864	9,333 - 18,556	7,630 - 17,000

* Excluding Academic Deans.

** Excluding N. C. School of the Arts (classification of faculty not comparable with others) and medical school faculty at UNC-Chapel Hill.

*** Twenty-six of 29 private senior institutions are included. Not included are Campbell College, Guilford College, and Wake Forest University. Medical school at Duke University is not included.

TABLE XVIII

AVERAGE SALARIES OF FULL-TIME FACULTY AT FOUR- AND FIVE-YEAR INSTITUTIONS[1] IN NORTH CAROLINA, FALL, 1970

	Average of All Full-Time Faculty	
Academic Rank	Public Institutions	Private Institutions
	9- or 10-Month Contract	
Professor	$15,134	$12,822
Associate Professor	$12,679	$11,132
Assistant Professor	$10,666	$ 9,170
Instructor	$ 8,416	$ 7,916
All Ranks[2]	$11,379	$10,054
	11- or 12-Month Contract	
All Ranks	$15,781	$10,523

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[1] Excluding Duke University, Wake Forest University, the University of North Carolina at Chapel Hill, North Carolina State University, the University of North Carolina at Greensboro, and North Carolina School of the Arts. The average 9- or 10-month salary for all ranks in community colleges is $8,875, in private junior colleges $8,347.

[2] The ranges of institutional averages for all ranks are: public, $10,269-$12,241; private, $8,012-$13,809.

TABLE XIX

CERTAIN QUALITATIVE MEASUREMENTS AND COSTS OF PUBLIC SENIOR AND PRIVATE SENIOR INSTITUTIONS IN NORTH CAROLINA

VARIABLE	YEAR	PUBLIC SENIOR INSTITUTIONS	PRIVATE SENIOR INSTITUTIONS
Weighted[1] SAT Mean Scores	1965-1966[a]	918	945
Weighted[1] NTE Mean Scores	1968-1969	584	580
Student-Faculty Ratios	Fall, 1969	13.3/1	12.5/1[b]
Weighted[1] Average of Tuition and Fees	Fall, 1969	$365	$1,227
Ranges of Tuition and Fees	Fall, 1969	$250-$452	$848-$2,000

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[1] Weighting depended upon the student counts of the various institutions.

[a] This year is the only one for which both entrance and exit scores are available. In 1970, entering freshmen had a weighted SAT mean score of 959 at public senior institutions, 986 at private. The public figure here was reached by individual weightings; a new edition of the Statistical Abstract of Higher Education in North Carolina shortly to go to press will show the figure as 963, reached by weighting groups falling in certain ranges.

[b] Faculty data was not available for Wake Forest University and St. Augustine's College.

CHAPTER VI

RECOMMENDATIONS TO THE PRESIDENTS OF PRIVATE COLLEGES AND UNIVERSITIES IN NORTH CAROLINA

After studying the replies of private institutions to its questionnaire and after conferences with chief administrative personnel during visits to each campus, the Board of Higher Education has for those institutions recommendations that lie mostly in two areas: development and academic programs. The best interests of the people of North Carolina require them to support institutions serving them, but those best interests also require them to qualify their support.

The private sector of higher education is no longer a "growth industry." It has never confronted a financial crisis like the current one. Private institutions should examine for their implications at least the following propositions:

1. private enrollments are more likely to shrink than grow in the foreseeable future;
2. growth in capital facilities is no longer a legitimate demand among most private institutions of higher education, and it must not be used as a measure of administrative achievement during the coming decade;
3. every indication is that the costs of current academic practices will continue to rise faster than institutional ability to meet them (a prediction which--if sound--must revolutionize public as well as private institutions);
4. no valid indicator urges the maintenance of unexamined old standards, practices, and curricula as well as unreviewed perceptions of the functions and goals of higher education in a society which is uncertain of what it wants.

This study has already recommended that each private institution raise its admissions activity (staff and budget) up to a point of maximum returns (p. 16). It recommended further that incomes of less than 4 to 5 percent on invested endowment be given attention (p. 28) and that subsidized athletic programs be examined carefully (p. 38). Other recommendations are in order on development and on academic programs.

Recommendations on Development

First, we endorse the efforts of the private institutions in North Carolina to organize themselves and inform the public and the General Assembly of their accomplishments, their potential service to the State, and their needs. We endorse the similar efforts to move the Congress by the nationally-federated state organizations of private institutions. We recommend strengthening the unity and furthering the informational campaigns of these organizations.

Secondly, we recommend that the president of each private institution do everything possible to reorient his development activities. The primary aim should be to secure operating funds for all purposes, with emphasis on scholarships, faculty salaries, debt retirement, and the like; fund-raising for capital construction and for endowment should have low priority. Continuing campaigns for deferred giving are good investments of time.

The current fund-raising campaigns reported by the private institutions have aims that indicate a favorable reception of the foregoing recommendation.

Although several campuses are still raising money for new buildings, a healthy proportion of some campaigns is for scholarships, equipment, faculty salaries, and debt retirement.[1] Those institutions canvassing for endowment are too frequently dealing with amounts that will provide insignificant income or that are too large to be realistic goals when performance to date measures reality. The lingering desire on the part of some institutions to expand their facilities needs extended comment.[2]

The private institutions' show of force in quantity of physical plant is at best a show. No demonstrable connection exists between physical facilities and solvency on a campus. The accumulation of buildings has been to some constituencies of each college a measure of success. All institutional officers must educate their publics to the rational conviction that students and what happens to them (operating funds) are more important than buildings (capital funds).

As a group, North Carolina's private colleges and universities do not need more facilities; they need the money to put their facilities into service for students, upon whose intellectual and humane progress the quality of life in the State most depends.

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[1] A few private institutions need buildings to strengthen programs vital to the educational welfare of their students. Where a classroom building is obsolete beyond renovation or where an essential library is not at hand, a need exists. Each institution with a _bona fide_ need is to the extent of that need exempt from the following discussion of development. When the few remaining construction needs of the private institutions have been filled, the discussion will be applicable to all.

[2] This study, altogether independently done, arrived at many conclusions similar to those of William W. Jellema, who has studied for the Association of American Colleges over 500 private institutions. A preliminary report of his study is described in "Average College Deficit Increases 5-Fold in Year," _The Chronicle of Higher Education_ (January 11, 1971), pp. 1, 8. His institutions listed as the most preferred form of aid from the Federal government "facilities grants directly to the institutions."

Although capital funds have been easier to raise than operating funds, some tendencies of donating agencies and individuals to bolster operational budgets are apparent. Federal interest in scholarships, loan programs, and work-study opportunities continues, and North Carolina has aided students to obtain loans through the State Education Assistance Authority. Federal assistance to operations has come through grants under several titles of the Higher Education Acts of 1965 and 1968. Private foundations have rarely awarded funds for continuing operations, but they have aided in the implementation of new programs (too often shortsightedly sponsoring work that diverts the institution from its primary mission or initiating activities that soon require substantial subsidy by the institution). The National Science Foundation has supported equipment purchases and improvement efforts by the science divisions of private institutions, thus relieving operations budgets. The less wealthy National Humanities Foundation has underwritten curricular improvement with planning grants. Perhaps more importantly, individual donors have contributed toward the purchase of books, record libraries, musical instruments, microscopes, and other equipment. Much of the operating budget of an institution can be broken into categories suitable for the sponsorship of a donor. These categories can be very helpful in persuading donors that buildings are not necessarily their most welcome gifts.

Over one thousand prominent and influential citizens of North Carolina comprise the trustees and boards of visitors for the private institutions. Among them are the chief benefactors of the institutions they serve. Large donors must be reoriented in their giving habits and all trustees and visitors in their supportive fund-raising activities.

Recommendations on Curricula

Much of the following discussion on academic programs is as applicable to public as to private institutions. The necessity for curricular revision is, however, more pressing immediately for the private, both because they need to provide education more economically and because they need to make themselves exceptionally attractive to students through fresh, more exciting programs. The curricula on both public and private campuses are too expensive, but more importantly--and partly because--they follow systematic and historical rigidities built into them earlier and reinforced by the aspirations of twentieth-century specialists. Too much of the present curricula now offered to public and private students in North Carolina came into being with little consideration of who students are in 1971, of national goals for the future past 1971, of the worldwide dissatisfaction with systems of value advocated by specialists.

Officers concerned with academic programs in the private institutions need a reconceptualization potentially more traumatic than that needed by development officers. The private colleges and universities of North Carolina are providing much the same product as the public, but the price to the student of the private product is decreasing its demand. The public product receives growing subsidies from the State. With the choice before them, families of students ask whether the cost to them of a private institution is worth the difference over the cost to them of a public institution. Their answers produce the current enrollment trends. Private institutions must have outside intervention to reduce costs to their students, and they must invent ways of presenting curricula that are both more economical and more attractive. No reasonable expectation of outside intervention will find it massive enough alone to relieve financial difficulties fully; the private institutions therefore have no real alternative to producing more vital and less costly academic programs.

Public and private institutions have typically employed faculty to fill program needs, those needs dictated by perceptions of demands in certain academic disciplines. This procedure of faculty-building has some pragmatic value in a rapidly expanding institution; it does not fit a small, stabilized, or shrinking campus population. Its application in some institutions has resulted in student-faculty ratios that are far too costly to support. In examining the following recommendations on curricular revision, each private institution should consider the recommendations, in addition to their other values, as ways to change ratios that have become extravagant.

We recommend that each private institution, as a preliminary and immediate step, consider its offerings to compare the cost and productivity of every discipline. Where cost is exorbitant for the revenues realized and productivity small, the discipline should be dropped from the curriculum--unless it otherwise makes a large contribution to the intellectual life of the campus. This recommendation is applicable to the most as well as to the least wealthy of the private institutions.

Quantitative efficiency can never be the paramount aim of higher education, but the avoidance of waste is necessary for its survival.

One example of possible waste that needs attention follows: twenty-six private senior institutions in North Carolina grant degrees to majors in chemistry.[1] The 26 employ 96 teachers of chemistry who produced 198 bachelor's degrees in June, 1970. If the three top producers are not considered, the remaining 23 institutions employ 65 professors of chemistry who produced 73 bachelor's degrees in the academic year ending June 30, 1970. These 23 institutions maintain a ratio of almost one professor for every graduating senior in chemistry. Unless chemistry professors on each campus can demonstrate that the discipline makes a very large contribution to the intellectual life of the college community, most of these degree programs in chemistry should be abolished and chemistry majors advised to go where prospective chemists are more numerous and less costly per capita. This discussion deduces that upper-level chemistry courses are greatly underpopulated on the private campuses. The conclusion is inescapable even when one considers only faculty salaries, exclusive of expensive and little-used laboratories and the cost of expendable supplies for the discipline. Every discipline needs the kind of scrutiny suggested here for chemistry. Subject matter and its general service function are less the question than departmentalization and resulting professorial demands for degree programs and course proliferation. The much-touted knowledge explosion (an excuse for increasing the number of courses) is a multiplication of facts, but there has been little if any expansion of the knowledge of how to deal with whatever facts are at hand.

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[1] "Inventory of Degree Programs Offered in North Carolina's Public and Private Senior Colleges and Universities," Higher Education in North Carolina, IV, 6 (June 6, 1969), p. 11.

At least one private senior institution offers a degree program in chemistry but employs no chemistry professors. Majors in the discipline take chemistry courses at a college nearby. Such institutional cooperation, particularly among institutions geographically close, is worthy of emulation by all private institutions; similar cooperation with public institutions is strongly recommended. (The Board of Higher Education has submitted a request for appropriations for the 1971-73 biennium emphasizing the need for State support of consortia.)

Cost studies of disciplines and resultant patchwork tampering with curricula is not a long-term solution for the private institutions; nor will minor revision prevent a crisis (like the current private one) which will strike the public campuses within the decade.[1] In the small institution students are insufficient in number to support enough faculty (three may be a minimum in one discipline to insure varied viewpoints) to staff many disciplines. Basically we are suggesting that small institutions can no longer afford to be oriented toward disciplines in the manner of the few necessary research universities.

How may curricula be conceived as other than divided into disciplines? Inexhaustibly to the extent that imagination stays fresh. Appendix II contains sketches of several curricular plans and processes, each much more economical than conventional disciplinary curricula and each much more appealing to many contemporary students, but every institution would do best to formulate its own plan.

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[1] Trends evaluated in the context of this study of private institutions suggest that public universities also, because of the demands of financial accountability, submit to internal and external scrutiny.

We recommend to the private presidents that they challenge their faculties to action on renovating curricula. The internal economies and the liberating possibilities of reformed curricula (an attraction to students) are more vital to the survival of private institutions than any hopes for total rescue by outside forces.

Objections to curricular revision come from many sources. Frequently they appeal to semester hours, credit hours, contact hours, courses, distribution requirements, and other kinds of tokens minted years ago.

Accrediting agencies, particularly the professional ones designed to serve disciplines rather than students, may be conservative forces to be overcome by campuses looking ahead. As long as they are devoted to high academic and human achievement, private colleges need have no worries about the regional accrediting agency; they, as much as anyone else, are the regional accrediting agency.

The private institutions, both because they are small and because social and economic necessity forces them to change, are in a position to revise radically the curricula, the goals, the promise, and the service of higher education. They could have no more demanding challenge than to construct new academic programs that spur the minds, vivify the imaginations, and lift the hearts of the young people whom they serve. In the process, instead of following the lead of larger institutions, they can lead the harder-to-change in an entirely new but necessary direction.

Some private institutions, assessing their financial resources in relation to their enrollment difficulties, may project for themselves short lives even if all pending recommendations for aid to them were implemented--even if all vacancies were filled by students paying the highest demandable tuition. Such an institution should take these steps in anticipation of closing: (1) provision for phasing out enrollment of its students; (2) reduction of operating losses through immediate budget curtailment to minimize ultimate indebtedness and bankruptcy; (3) early notification of all academic and nonacademic personnel of the schedule for closing; and finally (4) liquidation of its physical plant for the highest practical use, possibly by offering it to the public for administration by the State.

The Board offers its recommendations to the Governor and the General Assembly and to the presidents of the private institutions in the hope that private education in North Carolina will receive strength from their implementation. Private colleges and universities in the State have histories of large accomplishment and long service. They also have distinguished records of enduring through difficult times; the experience of past crises prepares them for their current grave trouble. The Board of Higher Education believes that many of them can continue to serve the citizens of North Carolina well and pledges its support of their best service.

CHAPTER VII

RECOMMENDATIONS TO THE GOVERNOR OF NORTH CAROLINA AND TO THE GENERAL ASSEMBLY

The Board of Higher Education has conducted this study of private higher education in North Carolina in full support of the goal established by the Legislative Study Commission on Student Financial Aid. The Commission focused upon aid to students and recommended, if fully funded, a student-assistance program for all needy North Carolina residents who attend public and private colleges and universities in the State. The Board, although with students always in mind, has necessarily focused upon the role, contribution, and future of private institutions and their continuing service to the State and its educational needs; it believes (1) that the education of thousands of North Carolinians has been completed or is being carried on by the private institutions at no cost to the State, (2) that vacancies or spaces currently occupied by out-of-state students in the private institutions could serve North Carolinians at a considerable saving over the cost of providing additional spaces and instruction at public universities, and (3) that in the future as in the past a dual system (private-public) of higher education is to be preserved.

The related but separate focuses of the Commission and the Board are not in conflict. From the beginning of their work, the Board and the Legislative Study Commission have recognized that a State program not fully accommodating the difference in the student's cost of a private higher education and a public one would tend to shift enrollments even more rapidly to the public institutions. (By the same token, both Board and Legislative Study Commission members have said that to the extent students are educated in an accredited private college or university the State is relieved from spending scarce tax dollars.) A voucher system providing the student a flat amount to use at the institution of his choice without elimination of the private-public tuition differential would hasten the bankruptcy of faltering private institutions. A system recognizing the difference in cost between private and public enrollment but only partially funding it (figures from $100 to $500 have appeared in the press and in minutes of formal and _ad hoc_ groups) would do very little if any more for the private institutions than an open voucher system. Alternatives which at best only maintain but do not increase the revenues of private institutions cannot have full support of the Board because in the long run they will not save the private institutions. On the other hand, alternatives that help private institutions at the expense of aid to students are equally unacceptable.

No certainty exists about the impact upon enrollment distribution the implementation of the Commission's proposal or alternatives may have. The several variables that govern students' choices of institutions will be tempered by full funding of the Commission's proposal, but to what extent is a question currently unanswered. The Board, mindful of its several charges but not knowing which--if any--of the Commission's plans will receive approval of the Legislature and the percentage of funding that may accompany approval, must therefore make recommendations dependent upon legislative action. _The Board asserts its conviction that implementation of the Legislative Study Commission's proposal and Board proposals for aid to private institutions should be evaluated in the autumn of 1972 by the Board, with recommendations_ for modifications to be made to the Governor and the General Assembly in 1973. Review would allow a measurement of changes in enrollment distribution caused by implementation and would bring financial information about the private institutions up to date.

The Legislative Study Commission on Student Financial Aid has recommended to the Legislature that it adopt one of four plans for removing every financial barrier to higher education for North Carolinians.[1] Plans A and B call for financing largely through General Fund appropriations; Plans C and D recommend small increases in tuition for in-state students at public institutions as a partial means of financing the student-aid program; all four plans recommend increasing out-of-state tuition at public institutions to be designated for student-aid purposes.

PRIMARY RECOMMENDATION OF THE BOARD OF HIGHER EDUCATION. The Board recommends that the Governor and the General Assembly implement one of the plans of the Legislative Study Commission on Student Financial Aid.

IF ONE OF THE COMMISSION'S PLANS IS FULLY FUNDED, IT SHOULD MAKE SUPERFLUOUS AT THIS TIME FURTHER RECOMMENDATIONS BY THE BOARD ON AID TO PRIVATE INSTITUTIONS. If, however, any one of the plans is only partially funded and thus does not provide a significant cost differential to the private student, it will have a negative impact upon the private institutions and will make additional recommendations necessary.

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[1] Report and Recommendations of the North Carolina Legislative Study Commission on Student Financial Aid (Raleigh, North Carolina: North Carolina Legislative Study Commission on Student Financial Aid, 1970).

ALTERNATE RECOMMENDATION IF FINANCIAL AID TO STUDENTS NOT FULLY FUNDED. The Board of Higher Education has an alternative recommendation if the Legislative Study Commission's plan is less than fully funded. The Board's two-part recommendation should put the facilities of the private institutions into greater service to the State. If implemented, this recommendation would help to insure for privately-enrolled students a range of education qualitatively similar to the range available at the State's public institutions. One part of the recommendation is based upon the number of North Carolinians enrolled as undergraduates at private institutions in the State for the fall term of 1970; the other is based upon the additional North Carolina undergraduates whom the private institutions are able to enroll in the future.

The recommendation is unlikely to face legal barriers. Many precedents exist for the expenditure of both Federal and State funds for denominationally-related colleges and universities. Courts in North Carolina and elsewhere have recognized the difference between secular and sectarian educational functions, and generally court opinions have construed constitutional provisions as forbidding only the support of theology and dogmatic indoctrination in the classroom. Information disseminated by various commissions studying State aid to private institutions and legislation passed in approximately half of the States (much of it already surviving court tests) indicate that no serious legal obstacle would bar North Carolina from assisting its private colleges and universities in the ways here recommended. Precedents for these ways already exist in the State.

If one of the proposals of the Legislative Study Commission on Student Financial Aid is not adopted and fully funded, we offer the following two-part alternative.

ALTERNATIVE RECOMMENDATION, PART ONE: We recommend that beginning in the fall term of 1972 the State contract to award to accredited private institutions of higher education within its borders--seminary and Bible and proprietary institutions excepted--an amount equal to $200 a year for each full-time-equivalent North Carolina undergraduate student, subject to the following limitations:[1]

1. the award to any institution would not exceed $200 times the number of North Carolina undergraduate students enrolled in it for the fall of 1970;
2. in any year in which an award was accepted from the State, the private institution would contract, as agent of the State, to provide and administer scholarship funds for needy North Carolina students in an amount at least equal to that of the award;
3. the continuance of the contracts and the determination of the amounts of awards for years after 1972 should depend upon a study by the Board of Higher Education to be conducted in the fall of 1972 and upon subsequent recommendations by the Board to the Governor and to the General Assembly of 1973.

Based upon the estimated 23,000 in-state full-time-equivalent undergraduates enrolled in private institutions for the fall term of 1970, the cost for 1972 would be $4,600,000.

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[1] Residency is defined in A Manual for Determination of In-State and Out-of-State Residence Status of Students in North Carolina Public Institutions of Higher Education, "Research Report 1-67" (2nd printing; Raleigh, North Carolina: North Carolina Board of Higher Education, 1970).

ALTERNATIVE RECOMMENDATION, PART TWO: We recommend that in the fall of 1972 the State contract to award to accredited private institutions of higher education within its borders--seminary and Bible and proprietary institutions excepted--in exchange for their providing space and instruction $600 a year for each full-time-equivalent North Carolina undergraduate student enrolled in excess of the number enrolled in the fall of 1970, subject to the following limitation: the continuance of the contracts and the determination of the amounts of awards for years after 1972 should depend upon the Board study suggested in limitation three of Alternative Recommendation, Part One.

The purpose of these awards would be to divert a portion of the additional in-state students expected each year to the existing vacancies in the private institutions and thereby to save funds for the State. It is estimated that up to 1,000 students from North Carolina may be added from the 6,000 to 8,000 additional in-state students expected in 1972 (there were 5,234 in 1969 and 7,930 in 1970). An appropriation of $600,000 is therefore recommended to be placed in a Reserve Account of the Department of Administration and disbursed, upon recommendation of the Board of Higher Education, to private institutions. The Board of Higher Education would recommend the contracted amount based upon certification by each private institution to the Board of Higher Education of the full-time-equivalent number of North Carolina undergraduate students enrolled as of October 1, 1972.

RATIONALE FOR RECOMMENDATIONS. These recommendations supplement those of the Legislative Study Commission on Student Financial Aid, if the latter are only partially funded. By making modest contractual payments to the private institutions, the State would help to guarantee and even increase the present level of privately-enrolled North Carolina undergraduates, a matter of genuine economic concern to all citizens. The proviso calling for each institution to maintain a scholarship program based on the financial need of North Carolina students and at least equal to the State's payment to it under Recommendation One would encourage the institution to serve more North Carolina students.

According to statistics furnished by the State Budget Office, North Carolina must currently budget $1,283 per year for every student enrolled at a four-year public campus and $750 for every community-college student, these amounts covering operating costs alone.[1] The statistics show that while no average capital per-student cost could easily be calculated for the oldest facilities presently in use, in new capital construction on all senior campuses for only the last three biennia the State has appropriated in excess of $135,000,000. To provide facilities for the North Carolina undergraduates currently enrolled on the private campuses would require the establishment of institutions approximately the combined size of North Carolina State University and East Carolina University. Clearly then, the State saves money when it can educate a resident at a private institution for any amount under the $1,283 and $750 per-student operations appropriations. Additional savings per year for each privately-enrolled student would be in capital funds. The small per-capita appropriations recommended for privately-enrolled North Carolina students would represent an unusually good bargain for the State, and they would help utilize existing but currently vacant spaces on the private campuses. By helping to fill the facilities of the private institutions in

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[1] The community-college figure for 1970 is $750. The Legislative Study Commission on Student Financial Aid used the 1969 figure, $670.

North Carolina, the State would reduce the necessity for new construction on public campuses and would avoid--for each North Carolina student in attendance at a private institution--the per-student appropriation for operating costs of a public institution. Because the savings to the State would be considerable, good business practice urges it to use its economic power to fill the vacancies of the private institutions. Cooperating with the private institutions, the State would continue to enjoy the benefits of their several commitments.

To emphasize the experimental nature of the recommendations made by the Legislative Study Commission on Student Financial Aid and the Board of Higher Education, we repeat the necessity for an evaluation of their effect in the fall of 1972 and each biennium thereafter. At these times, the Board should attempt to measure the effectiveness of all programs adopted as a result of these proposals and should recommend discontinuance or continuance of each with any modifications that best serve the citizens of North Carolina.

If neither the Primary Recommendation endorsing the recommendations of the Legislative Study Commission on Student Financial Aid nor the Alternative, Parts One and Two, is acceptable to the General Assembly, the State--if it wishes to preserve the private institutions of higher education--must adopt other procedures at greater cost to itself. The Board of Higher Education considered and rejected for the present an alternative that would provide to the private institutions at least $600 for each North Carolinian enrolled, the money to be used for a tuition reduction (partial tuition equalization plan) regardless of need. The effect would probably be much like that of a partially-funded Commission plan or like that of an insufficient voucher redeemable only on private campuses. This alternative would cost approximately $13.8 million a year. It would attract fewer students in the long run and not serve those in actual need as adequately as the recommended plans; it would have less than the desirable effect upon enrollment distribution and not relieve sufficiently the financial distress of the private institutions; it would not meet the State's necessity to increase the private enrollments and would therefore be less economical. Although it would be one means of beginning to meet the cost differential (private-public), it would be less advantageous to all concerned than the Commission plans and the Board's supplementary recommendations.

Because consortia activities can serve the interests both of students and of private institutions (as well as of public institutions), the Board of Higher Education reaffirms its request that the State support them. The savings available through consortia can improve the financial positions of participating private and public institutions and of the State; a cooperative single program sponsored by several institutions can combine the strengths and eliminate the weaknesses and mediocrities of separate, less-well-supported programs. The Board's budget request ($121,067 for 1971-73) for consortia in four urban areas thus deserves attention, for if filled, it can affect both economy and better education.

RECOMMENDATION ON CONSORTIA: Whatever legislative action follows the other recommendations of this study, we recommend that consortia (inter-institutional cooperation) be established in four urban areas and that an appropriation of $121,067 for the 1971-73 biennium be made to provide the leadership for the development of these four consortia.

APPENDIX I

QUESTIONNAIRE SUBMITTED TO THE PRIVATE INSTITUTIONS OF HIGHER EDUCATION IN NORTH CAROLINA AND LETTER OF TRANSMITTAL

September 16, 1970

MEMORANDUM

TO: Presidents of North Carolina Private Colleges and Universities

FROM: Cameron West, Director of Higher Education

Some time ago, at the request of Governor Robert Scott, the Board of Higher Education was asked to take the initiative for the development of a study on the financial needs of private higher education in North Carolina. This request was in line with a recommendation made by the Board of Higher Education in its Long-Range Report of 1968

> that consideration be given to providing state assistance to private higher education in North Carolina. To this end the Board of Higher Education, with the cooperation and assistance of the private institutions of higher education, will undertake a study of how best to implement such a program and will submit recommendations to the Governor and the General Assembly for consideration during the 1971 Legislative Session. This study will be coordinated with the study of the need to establish a statewide student assistance program which is recommended in Chapter XII.

The questionnaire enclosed has been prepared by the staff of the State Board of Higher Education in cooperation with staff of the N. C. Association of Independent Colleges and Universities and with representative presidents of private institutions. The information received from the questionnaire and the findings will serve as the basis for the study and recommendations of the Board of Higher Education. The recommendations therefrom will be presented to Governor Scott, to the General Assembly, to the private institutions, and to all others concerned with the future of private higher education.

Answers from each institution will be kept in confidence to every extent possible. Averages, medians, ranges, and similar measurements for the entire group of private institutions--senior and junior ones perhaps categorized separately--or for quartiles of the entire group will provide statistics refined enough for fairly wide or even public distribution. Answers from individual institutions will not be publicized nor reported to other individual institutions.

Recognizing that accounting procedures may vary among the participating institutions, the staff has attempted to ask questions clearly, to voice them in ways that will assure comparability of answers, and to touch those areas likely to be most significant in determining the need for state aid. Still, questions are certain to arise about some items. Please proceed at once to answer everything clear to you, leaving blank any ambiguous questions until you can be visited by Board representatives.

Lem Stokes (Associate Director of the State Board of Higher Education), John Satterfield (Assistant Director) and other members of the staff, along with Virgil McBride (Executive Director of the NCAICU), will visit the 41 campuses to confer with presidents and business officers of the North Carolina private institutions during late September and October. We hope to complete the visitation of all campuses before the end of October. We have already begun requesting appointments. Our calls on you do not have to be protracted, but we believe that they are necessary to assure complete communication and accuracy. The final tabulation of your answers will be of vital importance to all who are concerned about the future of private higher education in the State.

To allow the staff of the Board adequate time for tabulation and making recommendations to the Governor and other interested persons, each president should arrange to have a completed questionnaire in Raleigh by November 1. If you have any questions regarding the questionnaire or procedure, please feel free to call Lem Stokes or me.

We shall appreciate your fullest cooperation.

mcw
Enclosure

PRIVATE COLLEGE STUDY

Institution ____

Enrollment Trends (From BHE records)

1965-66_______ 1967-68_______ 1968-69_______ 1969-70_______

1970-71_______ Overall Increase. No. ____ __% Decrease. No. ____ __%

Admissions Information:

1. Test Scores (average)

	SAT	Other ____________		SAT	Other ____________
1965-66	________	________	1968-69	________	________
1966-67	________	________	1969-70	________	________
1967-68	________	________	1970-71	________	________

2. Spaces Filled By:

a. Commuting Students:

1967-68 ________ 1969-70 ________

1968-69 ________ 1970-71 ________

Four-Year Increase. No. ____ __% Decrease. No. ____ __%

If decrease, indicate reasons in 1, 2, 3 order of importance:

____ Rising Student Costs

____ Increasing Competition from Public Institutions

____ Insufficient Financial Aids

____ Institution's Academic Standards

____ Other Specify: ______________________________

____

b. Out-of-State Students:

1967-68 ________ 1969-70 ________

1968-69 ________ 1970-71 ________

Four-Year Increase. No. ____ __% Decrease. No. ____ __%

If increase, indicate reasons:

____ Decrease in Applications from In-State Students

____ More Intensive Recruitment Out-of-State

____ Increasing Competition with North Carolina Public Institutions

____ Attracted to Curriculum, ____ to Religious Emphasis,
____ to Absence of Campus Unrest

____ Parental Desire for More Campus Rules and Regulations

____ Desire for More Personal Contact with Professors

____ Lower Student Cost Than in Native State

____ Desire to Get Farther from Home

____ Other Specify: ______________________________________

____

c. Of total enrollment, what do you consider to be the ideal percentage of out-of-state students for your institution? ____%

3. Unfilled Spaces:

a.

	Dormitory	Commuting*	Total*
1967-68			
1968-69			
1969-70			
1970-71			

b. If all spaces were filled, would additional faculty and/or facilities be required?

Yes ____. No ____. If "yes," what would be the approximate cost for the first year? $ ____________.

c. Do you consider that it would be economically advantageous to incur such additional cost?

Yes ____. No ____. Uncertain ____.

If "yes," explain on reverse side.

---

*Use attached formula (Appendix A) for computations.

4. Combined number of unfilled spaces and spaces filled by out-of-state students which would be made available to North Carolina students under some agreeable form of contractual arrangement:

1971-72 ________ 1974-75 ________

1972-73 ________ 1975-76 ________

1973-74 ________ 1980-81 ________

Finances:

1. Student Costs. (To be supplied from BHE records)

2. Student Aid:

a. Total Scholarship Funds. (To be supplied from BHE records)

b. Supplementary Scholarship Information:

	Amount Provided From Current Operations	No. of Students Served	Scholarships Awarded to Athletes	No. of Students Served
1965-66	$ ____________	______	$ __________	______
1969-70	$ ____________	______	$ __________	______
1970-71	$ ____________	______	$ __________	______

c. Loan Funds. (To be supplied from BHE records)

d. On-Campus Employment. (To be supplied from BHE records)

3. Endowment and Other Invested Funds:

a. Total Amounts (Book Value):

1) Endowment $ ____________

2) Other Invested Funds (Quasi-Endowment) $ ____________

3) Value of Non-Campus Income-Producing Property not Reported Above

$ ____________

b. Income from:

	1965-66	1968-69	1969-70	Average Earnings 1969-70
1) Endowment	$ ____________	$ ____________	$ ____________	____%
2) Investments (Quasi-Endowment)	$ ____________	$ ____________	$ ____________	____%
3) Property	$ ____________	$ ____________	$ ____________	____%

c. Proportion of Endowment Currently in: 1) Common Stocks _____%
2) Government Bonds _____%
3) Trusts _____%
4) Other _____%

d. Amount of Endowment (Principal) that is:

1) Restricted $ _______________
2) Used as Collateral $ _______________
3) Otherwise Encumbered* $ _______________
4) Invested in Campus Buildings $ _______________
5) Amount of "4" that is Income-Producing $ _______________

*Specify: ____

____

e. Do you have an outside agency handling your endowment portfolio?

Yes ____. No ____.

f. If "yes," does the agency have authority to make day-to-day transactions on its own?

Yes ____. No ____.

g. Number of Meetings Annually with Agency Officials? _______.

h. Your Practice with Regard to the Use of Capital Gains.

	Prior to 1969-70	1969-70
1) Added to Endowment	_______	_______
2) Used for Capital Expenditures	_______	_______
3) Used for Current Operations	_______	_______
4) Otherwise used at Direction of Trustees*	_______	_______

*Specify: ____

____

4. Indebtedness:

a. Plant Fund, End of Last Fiscal Year 19__.

1)

Description of Facility	Amount of Initial Loan	Annual Payment	Rate of Interest	Years Remaining
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________
____________	$ ________	$ ________	____%	________

2) Has your institution defaulted on debt payments? Yes ____. No ____.

If "yes," by what amounts? 1967-68 $__________, 1968-69 $ __________, 1969-70 $ __________.

3) Has your institution borrowed funds in order to make payments? If "yes," by what amounts? 1967-68 $ __________, 1968-69 $ __________, 1969-70 $ __________.

b. Current Fund:

1) Amount of Deficit, if any. 1967-68 $ __________, 1968-69 $ __________, 1969-70 $ __________.

2) Accumulated Deficit as of Last Fiscal Year, 19__ $ ______________

Number of Years? ___________

3) How is deficit underwritten?

a) ______ Borrowed Funds. Average Rate of Interest _____%

b) ______ Invested Funds.

c) ______ Capital Gains.

d) ______ Endowment (Unrestricted Principal)

e) ______ Other. Specify: ____

____

4) How will accumulated deficit be liquidated?

a) ______ Special Fund Campaign. $ ______________

b) ______ Annual Giving Campaign. $ ______________

c) ______ Increased Support from Church or Sponsoring Agency. $ ______________

d) ______ Tuition and Fees Increase. $ ______________

e) ______ Other. Specify: ____

____

5) Are you currently in a campaign for funds? Yes _____. No _____.

a) ______ Ongoing. Amount of Goal for 1970-71. $ ______________

b) ______ Special. Amount of Goal for 1970-71. $ ______________

(1) New Buildings. _____%

(2) Plant Renovations. _____%

(3) Equipment and Teaching Aids. _____%

(4) Faculty Salaries. _____%

(5) Scholarships. _____%

(6) Other. _____% Specify: ____

____

5. Value of Physical Plant $ ______________. Current Indebtedness on Physical Plant. $ ______________.

a. Do your audits show an annual depreciation allowance? Yes _____. No _____.

1) If "yes," what percentage of plant value? _____%

2) Amount of depreciation reserves, if any (cumulative). $ ______________

b. Value of Escrow Accounts $ ______________

c. Amount Withdrawn from Escrow Accounts prior to 1969-70: $ ______________

1969-70: $ ______________

6. Current Operations:

	1965-66	1967-68	1968-69	1969-70
a. Receipts	$ _______	$ _______	$ _______	$ _______
b. Expenditures	$ _______	$ _______	$ _______	$ _______
c. Surplus:	$ _______	$ _______	$ _______	$ _______
1) Amount Expended	$ _______	$ _______	$ _______	$ _______
2) How Used?				
a) Plant Fund	$ _______	$ _______	$ _______	$ _______
b) Current Fund	$ _______	$ _______	$ _______	$ _______
c) Indebtedness	$ _______	$ _______	$ _______	$ _______
d) Other*	$ _______	$ _______	$ _______	$ _______

*Specify: ____

____

d. Amount from Federal Sources	$ _______	$ _______	$ _______	$ _______

e. Amount of Federal Funds Committed for 1970-71 $ ______________.

7. Current Budget:

a. Amount Approved for 1970-71 $ ______________.

b. Have you budgeted a deficit? Yes _____. No _____. What Amount? $ _________

c. Do you have any fears that some projected receipts may not materialize?

Yes _____ No _____

d. If "yes," which items do you consider somewhat unrealistic?

		By What Approximate Amount
1)	_____ Gifts and Grants	$ ______________
2)	_____ Tuition and Fees	$ ______________
3)	_____ Auxiliary Enterprises	$ ______________
4)	_____ Endowment Income	$ ______________
5)	_____ Federal and State	$ ______________
6)	_____ Other*	$ ______________

*Specify: ____

____

Comments: ____

____

____

____

e. In what ways have financial difficulties at your institution adversely affected programs considered necessary for quality performance? Identify by checking the appropriate items below:

1) _____ Faculty and Staff. Supporting Data:

a) Faculty-Student Ratio 1: ___. Desired Ratio 1: ___.

b) Level of Salaries (1969-70):

(1) Average for the Institution:

(a) Salaries $ ______________

(b) Benefits $ ______________

(2) Contrast with Salaries at Comparable Institutions:

(a) Nationally ____Below ____Above By $ __________

(b) Regionally ____Below ____Above By $ __________

(c) Statewide ____Below ____Above By $ __________

(3) Salary Projections: (To help standardize the replies, assume an annual increased cost of living at 4%)

	Levels Desired	New Funds Needed
(a) 1971-72	$ ____________	$ ____________
(b) 1975-76	$ ____________	$ ____________
(c) 1979-80	$ ____________	$ ____________

c) Qualifications of Faculty, 1970-71:

(1) Earned Degrees:

Doctorate. No. _____ ____%. First Professional. No. _____ ____%.

Master's. No. _____ ____%. Bachelor's. No. _____ ____%.

Other. No. _____ ____%.

(2) Number of Doctors from Non-U. S. Institutions _____.

(3) Number of Faculty Over 65 _____.

(4) Number Teaching Primarily Outside of Major Field _____.

(5) Number Employed on Temporary Basis, Owing to:

(a) Inability to Meet Salary Demands of Qualified Faculty _____.

(b) Unavailability of Qualified Faculty _____.

(6) Number Lost for Want of Adequate Salary Funds: 1968-69 _____, 1969-70 _____, 1970-71 _____.

2) _____ Educational Services:	Estimated Cost of Providing Needed Services 1970-71
a) Additional Personnel (faculty, library, staff, including secretarial)	$ ______________
b) Library Resources	$ ______________
c) Equipment	$ ______________

	Estimated Cost of Providing Needed Services 1970-71
d) Teaching Aids	$ ____________
e) Scholarships	$ ____________
f) Professional Improvement	$ ____________
g) Other*	$ ____________

*Specify: ______________________________________

____

3) _____ Student Services Estimated Amount $ ____________

4) _____ Plant Maintenance and Improvement Amount $ ____________

f. In order to handle your budgeted deficit or to achieve a "balanced" budget during any of the past three years, has it been necessary to "borrow" from any of the following:

	1967-68 Amount	1968-69 Amount	1969-70 Amount
1) _____ Endowment Funds?	$ _______	$ _______	$ _______
2) _____ Plant Funds?	$ _______	$ _______	$ _______
3) _____ Advance Student Fees?	$ _______	$ _______	$ _______
4) _____ Special Campaign Funds?	$ _______	$ _______	$ _______
5) _____ Funds Earmarked for Other Purposes?	$ _______	$ _______	$ _______
6) _____ Loan Funds?	$ _______	$ _______	$ _______
7) _____ Other*	$ _______	$ _______	$ _______

*Specify: ______________________________________

____

g. Has your operating budget been called upon to carry any unusual expenses during the past three years?

			1967-68 Amount	1968-69 Amount	1969-70 Amount
1)	_____	Cost of Special Fund Campaign	$ _______	$ _______	$ _______
2)	_____	Major Breakdown in Campus Utilities or Equipment	$ _______	$ _______	$ _______
3)	_____	Compliance with Minimum Wage Schedules	$ _______	$ _______	$ _______
4)	_____	Expenses for Law Suits	$ _______	$ _______	$ _______
5)	_____	Matching Funds for Grants	$ _______	$ _______	$ _______
6)	_____	Refunds	$ _______	$ _______	$ _______
7)	_____	Cost of Student Recruiting	$ _______	$ _______	$ _______
8)	_____	Other*	$ _______	$ _______	$ _______

*Specify: ____

____

h. Have you experienced difficulties during the past five years in fund raising (more so than previously)?

1) From Church or Sponsoring Agency Yes ____. No ____.

2) In Your Local Community? Yes ____. No ____.

3) In any Special Fund Campaign? Yes ____. No ____.

4) From Foundations? Yes ____. No ____.

5) From Individual Donors? Yes ____. No ____.

6) From Other?* Yes ____. No ____.

*Specify: ____

____

If "yes" in any of the above, to what do you attribute the difficulty?

			Identify From Numbers in "h" Above
1)	_____	Waning Interest in Higher Education	__ __ __ __ __ __
2)	_____	Student Unrest in the Nation as a Whole	__ __ __ __ __ __
3)	_____	Waning Interest in Your Institution	__ __ __ __ __ __

Identify From Numbers

4) _____ Tight Money _ _ _ _ _

5) _____ Increased Competition from Public Institutions for the Gift Dollar _ _ _ _ _

6) _____ Competition from Other Agencies _ _ _ _ _

7) _____ Less Favorable Tax Deduction _ _ _ _ _

8) _____ Cooling of Church Support _ _ _ _ _

9) _____ Other* _ _ _ _ _

*Specify: ______________________________

____

State Aid for Private Higher Education:

1. Type of Aid Which You Would Consider Desirable. (Rate each on a 10-0 scale, the higher number representing greater desirability).

a. _____ Grants to Students.

b. _____ Contract Between State and Institution, Calling for a Specified Amount Per North Carolina Student.

c. _____ Contract, Calling for a Specified Amount Per North Carolina Student Over and Above Number Now Enrolled.

d. _____ Loans to Students.

e. _____ Tuition Increases at Public Institutions.

f. _____ Grants for Construction.

g. _____ Grants for Teaching Aids.

h. _____ Outright Annual Operational Subsidy to the Institution.

i. _____ Salary Supplements.

j. _____ Grants for Special Educational Programs.

k. _____ Other.*

*Specify: ______________________________

____

2. If your institution receives state aid, would you expect to document the expenditures of public funds in reports similar to those submitted by the public institutions or similar to those you may have submitted about the disbursement of Federal grants or subsidies?

Yes _____. No _____.

APPENDIX A

Total Spaces are those spaces (FTE students) that your academic facilities could accommodate regardless of dormitory facilities. The suggested formula for estimating Total Spaces is:

$$\text{Total Spaces} = \frac{\text{Total Academic Space}}{\text{Space Factor}}$$

Where: (1) Total Academic Space** = Instruction & Research NASF* + Other Academic NASF*

(2) Space Factor = 150 Square Feet Per FTE for Universities

130 Square Feet Per FTE for Four-Year Institutions

75 Square Feet Per FTE for Two-Year Institutions

Total Unfilled Spaces = Total Spaces - Actual FTE Enrollment

Unfilled Commuting Spaces = Total Unfilled Spaces - Unfilled Dormitory Spaces

---

*NASF = Net assignable square feet as measured by the N. C. Higher Education Facilities Commission and reported in HEGIS 2300-7.

**Instruction and Research NASF = Space for this area as measured by the HEFC. Library NASF = Space for this area as measured by the HEFC and reported in HEGIS 2300-7.

Other Academic NASF = Organized Activities NASF + Organized Research NASF + General Administrative and Institutional Services NASF.

I. APPLICATIONS

	NUMBER OF COMPLETED* APPLICATIONS (ALL FORMS RECEIVED)	NUMBER OF APPLICANTS ACCEPTED	NUMBER OF APPLICANTS ENROLLED
1965-66	____________	____________	____________
1966-67	____________	____________	____________
1967-68	____________	____________	____________
1968-69	____________	____________	____________
1969-70	____________	____________	____________
1970-71	____________	____________	____________

*Includes re-admission as well as first-time applicants.

Comment on any trend--for better or worse--in your application and enrollment picture; report anything that is not reflected in the figures on application and enrollments.

Comment on the quality (as SAT or high-school grades may reflect it) of students enrolled; report here any trend that averages alone will not reveal. Is your institution accepting students with lower SAT scores than in the past?

II. FACULTY LOAD

________________ Average Credit Hours per Week. __________ Maximum __________ Minimum

APPENDIX II

SOME PATTERNS OF REFORMED CURRICULA

APPENDIX II

SOME PATTERNS OF REFORMED CURRICULA

In the midst of change fear of it is not healthy. Appeals to the most elementary psychology demonstrate that problem-solving is the result of insight, not of endlessly rehearsing the problem. Projected on a grander scale, the proposition becomes (as for Arnold Toynbee) "challenge and response," and creativity (insight), whether of individuals or civilization-producing religions, the only life-saving response to a deadly challenge. In spite of State or Federal financial assistance private institutions of higher education, and shortly the public ones, can allow obsolescent academic practices to kill their effective service. They can, however, remedy their rigidities and survive to serve.

Curricular reform is not necessarily expensive. Although each of the patterns to be described is not currently in practice, many of them are, and combinations of them are. With Oxford and Cambridge Universities not considered because financial information is lacking, every institution leading in the kinds of reform mentioned is as unendowed as most of North Carolina's private colleges and universities. Money does not produce ideas; imagination does.

Curricular reform is not necessarily idealistic. To those perceiving the status quo as ideal, any change is idealistic. The curricular patterns suggested here are pragmatic in saving cost and in revitalizing education.

Curricular reform is not necessarily impossible. Faculties have a long history of resisting change. Left unchallenged, they will continue to do so. The dilemma of faculty rigidity finds a simple and ready answer when referred to the category of stewardship. Whom do institutions of higher education serve?

How may curricula be conceived as other than divided into disciplines? Inexhaustibly to the extent that imagination stays fresh. Several suggestions follow, each much more economical than outdated disciplinary curricula, but every institution would do best to formulate its own plan. All contemporary curricular designers should consider the possibilities of off-campus internships that could enrich the interests of many students.

A small college might enploy a faculty with individual broad interests and experiences and profound concerns for students. Each professor might be given 20 students and told to have them ready to receive diplomas in four years. He and his students might decide what they would read, see, hear, write, play, discuss, create. Professors somewhat unlike most would be required for this program; each would need to be more secure and brasher than the typical teacher of a single discipline; the breed might not, however, be impractically rare; there are many teachers in the country who share some of the characteristics needed. Since four years is a long time for students to live with one teacher, professors might be rotated among groups periodically (by year or by semester), and groups of students might interchange personnel. With the right professors the program would work, but the faculty might consider some college-wide events that could develop a sense of community. The foregoing is an oversimplification of the current approach at Colorado College, which uses modular scheduling and tends to leave professors at work in their individual disciplines.

Another college might ask its faculty to be certain that at the end of four years' work each student could discuss well and write good essays on some outstanding books.[1] Doubtless a student with these abilities is better educated than the typical earner of a bachelor's degree. Quality of faculty would be a key to this program (as it is to all). The description is based upon some of the ideals expressed by the curriculum of St. John's College in Maryland.

The faculty of another college might undertake the mission of familiarizing students with 20 or so of the most important forces shaping their lives and of helping them find ways to cope with those forces. Typical of the forces might be the Judeo-Christian heritage, the social misapplication of Charles Darwin's theories, the insights of Albert Einstein, the mythology of Sigmund Freud, and various works of existentialists.

Within a very limited number of fields, a small college might offer somewhat traditional work in "general education" for a year or two; during the subsequent years of college each student might pursue intensive work under a tutor of his discipline. The student could hear lectures that he thought would be useful, either on his own campus or--by previous interinstitutional arrangement--on others. The essential academic work would be a weekly assignment executed for the tutor and preparation for final comprehensive examinations, both disciplinary and general. Such a system does not require a small student-faculty ratio. It validates some modern theories of motivation, for under it periodic cramming is replaced by the student's realization that knowledge, both for comprehensive examinations and for later life, must become a part of his personality. Oxford and Cambridge Universities are the outstanding practitioners of the system.

---

[1] Say all of those in the Random House Modern Library.

On another campus, students might have a choice of routes to diplomas under plans incorporating various amounts of specialization in a very limited number of disciplines but emphasizing divisional rather than disciplinary concentrations. The program (indeed all programs) should build during the college years growing independence of the student to insure further economy--and better education. Stress on independent study would demand, perhaps outside of dormitories, a quiet study space for every student enrolled.

Conventional curricula of most institutions could be described as formulating a series of questions so designed by faculty that most students answering will earn at least an average grade of C. The faculty might decide to follow another route, to ask each student just one question: "What can you do that your individual combination of heredity and past experience and college work will qualify you to do uniquely, joyfully, and in service to other men?" The faculty with the courage to build an academic experience on the question should be prepared to assist each student in finding the answer for himself.

Team-taught, interdisciplinary work might make up a large fraction of each students' curriculum on another small campus. Other fractions might go toward a few more conventional disciplines and to the experiential learning now variously called "field experience," "work-study," or "cooperative education." With differing combinations, a number of colleges have proceeded along one or more of these routes.

Many (over 200) colleges and universities have moved to the 4-1-4 curriculum, "1" being an "interterm" or "minimester" devoted to intensive work by each student on one largely independent project. On some campuses where the faculty have been interested in making it so, the interterm has been stimulating and economical. An enterprising small college might organize a curriculum totally in short-term, intensive work.

Combinations of these various programs suggest many other curricular plans, from the already fairly well tested to some untested. But the list is far from exhaustive, and ideas that are the private property of the local campus should almost always be superior for local implementation to imported ones.

The purpose of the North Carolina Board of Higher Education "shall be . . . to plan and promote the development of a sound, vigorous, progressive, and coordinated system of higher education in the State of North Carolina."